

Critical Issues Fast Path

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PJM should Not Purchase Capacity for New LLAs Unless they Offset Their Load Obligations

Issue:

LLAs are substantially increasing RPM consumer costs and decreasing system reliability below the 1 in10 standard. A purely voluntary approach does not guarantee affordability or reliability.

As PJM's legal analysis notes, data center load growth and federal policy constitutes a change in circumstances which warrants reconsideration of PJM reliability outcomes. This same principle applies equally to rates, terms, and conditions, and the CIFP process should expressly address whether PJM's markets remain just and reasonable.

Proposed Option:

All new LLAs should be automatically placed into NCBL status until the transition period is over, with the caveat that if the supply-demand balance exceeds Point B on the VRR curve (i.e., there is sufficient capacity being built and offering into the auction to produce competitive prices), then LLAs will be included in the capacity auction.



Applicability of CIFP to New Large Load Additions

Issue:

Any CIFP rules should consider the transition period and establish clear rules about applicability.

Proposed Option:

CIFP rules will apply to new LLAs (greater than or equal to 50 MW or MW exceeds the zonal peak load of an LDA by more than 10%) as of the earlier of the following dates:

- (i) the date on which the LSE/EDC has included the load in its forecast in a cleared BRA;
- (ii) the date on which the new load seeks service from an LSE/EDC; or
- (iii) the initiation of the CIFP process by the Board.



Load Forecasting

Issue:

Current PJM load forecasting practices have the potential to over-state the pace and magnitude of data center load growth, transferring risk to consumers.

Proposed Option:

PJM shall not include non-NCBL LLA load in its RPM load forecast unless:

- i. the connecting utility certifies that any distribution or transmission upgrades necessary to allow the LLA to operate will be in service prior to the relevant delivery year;
- ii. the LLA attests that it is not pursuing a substantially similar request for electric service within the PJM region which would result in the customer materially changing, delaying, or withdrawing the interconnection request; and
- iii. the LLA has provided substantial evidence of commercial maturity, which can be met either by demonstrating that the LLA has an agreement to purchase take-or-pay transmission service for 8 or more years, backed by appropriate collateral, or other comparable indicia of commercial maturity.

Alternative BYOG Proposal

Issue:

We expect that PJM will face resource shortages for a limited duration of hours. We propose a compromise for allowing LLAs into the BRA that would incent investment during critical peak periods.

Thus, new supply resources that provide load relief that is concentrated in critical peak hours would send appropriate investment signals to LLAs and ensure reliability, while ensuring just and reasonable rates for consumers.

Proposed Option:

An LSE can avoid mandatory PJM area NCBL assignments if the LLA brings BYO generation capable of:

- i. offsetting 80% of the LLA's peak load,
- ii. for a minimum of 4 hours,
- iii. up to 10 calls a year.

The amount of BYOG would be measured on a UCAP basis.



Clarify that Existing Load is Not Subject to NCBL or BYOG Obligations

Issue:

Ensure that existing LLA load is not subject to NCBL.

Proposed Option:

An LLA is "existing" if it is associated with cleared bids in the PJM capacity market on the earlier of the following dates:

- i. the date on which the LSE/EDC has included the load in its forecast in a cleared BRA;
- ii. the date on which the new LLA seeks service from an LSE/EDC; or
- iii. the initiation of the CFP process by the Board.



Define What “New” Means for BYOG

Issue:

LLA customers need clarity on what contractual commitments to new supply qualify for BYOG treatment.

Proposed Option:

New/incremental sources of capacity as those that are not currently in operation as of August 8, 2025, and have not committed to supply capacity in a cleared BRA period as of August 8, 2025.

Any bilateral contracts with LLAs are exclusively purchased from new or incremental sources of capacity. Otherwise, LLAs will be able to simply out-bid existing load for existing capacity, rendering the entire CFP process moot.

Establish a PJM Procurement for New Generation to Meet LLA Load that Insulates Existing Customers

Issue:

Existing market rules are allowing LLAs to increase rates to unjust and unreasonable levels. We propose a conceptual proposal that would allow new LLA load to purchase through RPM if they elect not to BYOG on a bilateral basis.

Proposed Option:

PJM could create a second “phase” of each BRA focused on supplying the needs of LLAs.

- Under Phase I, PJM would clear the BRA based on non-LLA load and develop a capacity price that would apply to existing customers. This price would reflect the supply-demand balance excluding new LLA load.
- For Phase II, PJM would add the LLA load and re-clear the market, selecting from new/incremental supply that did not clear in Phase I. LLA customers seeking firm capacity would be assigned the Phase II price, plus a make-whole payment for any new/incremental supply that cleared in Phase I, equal to the price difference between the Phase I and Phase II price.

The make-whole payment ensures that all new/incremental sources of supply are treated on a comparable basis and receive the same clearing price. It also ensures that more efficient sources of new/incremental supply (i.e., those that offer capacity at the lowest rates) entrants are not penalized by receiving the lower Phase I price.

In year two and subsequently, any cleared supply and demand would enter the market as existing and would clear as normal in future BRAs."



Ensure NCBL Customers Pay for the Non-Firm Capacity Service they Receive

Issue:

Non-firm capacity service provides value to NCBL customers. Customers that receive non-firm capacity service from PJM will be energized and served fully for the majority of hours in a given delivery year.

Proposed Option:

NCBL load should make a payment in lieu of RPM equal to 50% of the applicable RPM clearing price to represent the value of the capacity service they receive outside of curtailment hours.

The payment would be applied as a credit to all existing RPM customers on a pro rata basis.



Curtailment Priority Should Recognize the Primacy of Non-LLA Load

Issue:

Firm native load should not be curtailed when curtailment of LLA load will ensure reliability, subject to existing policies around critical loads.

Proposed Option:

PJM should establish that load shed allocation ensures that all electrically-relevant LLA load is shed prior to shedding of non-LLA customers, subject to rules governing critical loads, which may be applied to certain critical LLA applications on a case-by-case basis per existing EDC rules for critical load designation.