Large Load CIFP
Reliability and Reasonable Rates (R3)

Tom Rutigliano
Claire Lang-Ree

November 6-7, 2025

NRDC

What we're trying to solve

The R3 proposal aims at:

- Protecting ratepayers from ~$100 billion in excess capacity charges and an unknown increase in energy charges.
- Managing decreasing reliability. LOLE reaches 1-in-1 around 2031.
- Supporting state, utility, and end use customer approaches to addressing large loads.
- Protecting states from the costs of other states' policies.

NRDC

Where R3 sits in the solution space

1. Let all data centers into PJM and give them all firm service through the capacity market.
2. **Let all data centers into PJM, but don't give them firm service through the capacity market until they "Bring their own."**
3. Do not let data centers into PJM until they "Bring their own," even on an interruptible basis.
4. Deemphasize the capacity market in favor of utilities arranging their own supply bilateral contracts.

NRDC

Where R3 sits in the solution space

Option	How fast are DCs allowed to join PJM?	Who pays for DC costs?	When there's not enough power to go around, who bears the risk?
1	Fast.	Public.	Public & data centers.
2	Fast.	Data centers pay capacity costs.	Zones with data centers who have not BYO'd.
3	Not until BYO.	Data centers pay all costs.	Public & data centers, but reliability risks are mostly eliminated because DCs required to bring supply before joining PJM.
4	As fast as utilities allow.	Public, especially in restructured states who rely on the market.	Utilities in restructured states who rely on the market.

NRDC

Where R3 sits in the solution space

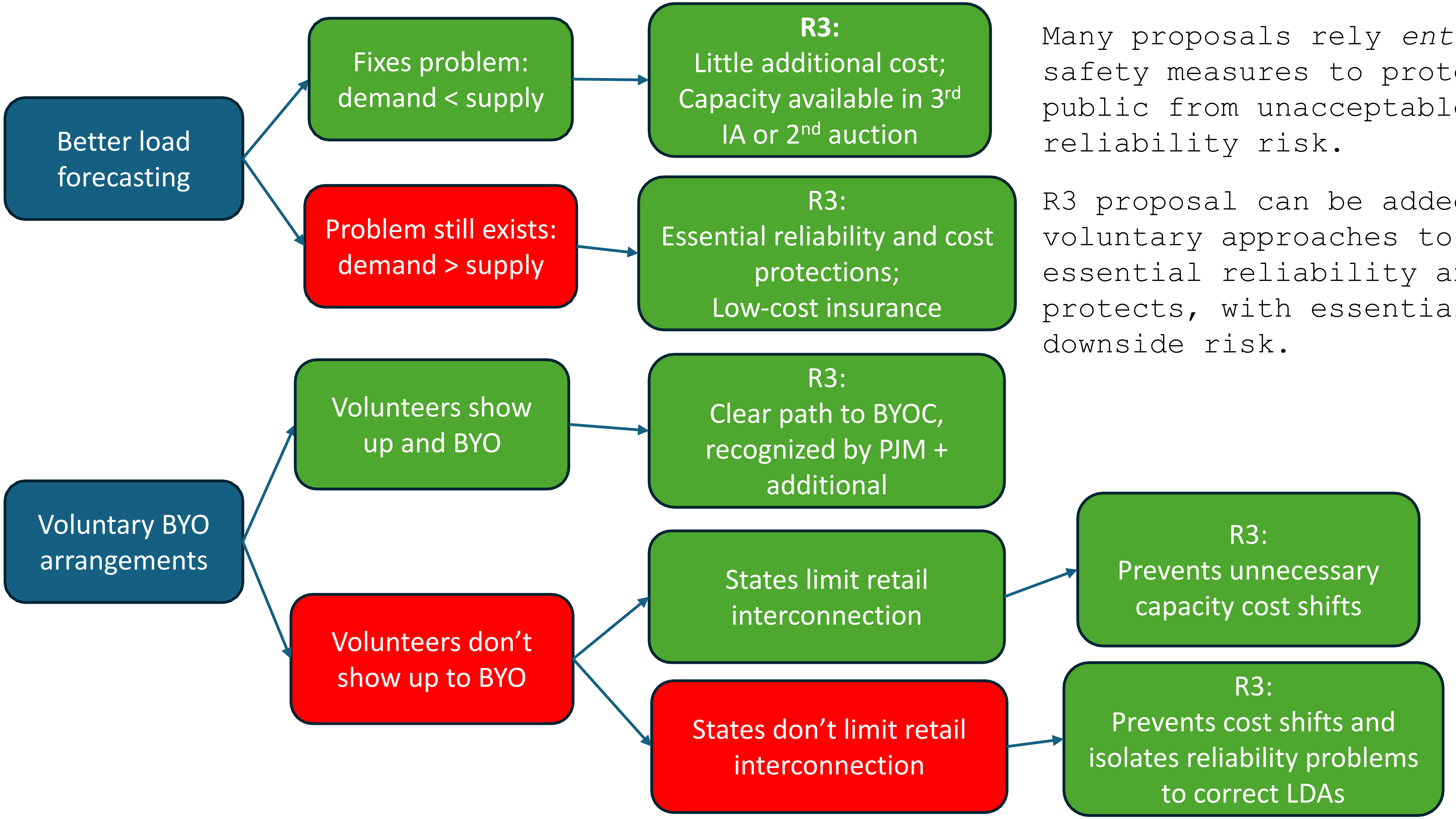
Option	How fast are DCs allowed to join PJM?	Who pays for DC costs?	When there's not enough power to go around, who bears the risk?
1	Fast.	Public.	Public & data centers.
2	**Fast.**	**Data centers pay capacity costs.**	**Zones with data centers who have not BYO'd.**
3	Not until BYO.	Data centers pay all costs.	Public & data centers, but reliability risks are mostly eliminated because DCs required to bring supply before joining PJM.
4	As fast as utilities allow.	Public, especially in restructured states who rely on the market.	Utilities in restructured states who rely on the market.

R3 Proposal

R3 Proposal Overview

- By default, PJM only provides firm service (i.e., procures capacity) for organic load growth.
- Large loads, utilities, states can all increase firm service by adding capacity.
- When needed, PJM can direct curtailment of load in excess of firm service at the **wholesale level**. Curtailments of retail customers is a RERRA responsibility.
- Treat curtailable load as reserves to avoid scarcity pricing.
- Use energy-only resources and demand response to avoid curtailments and minimize transmission upgrades.

R3 is a No-Regrets Backstop



Many proposals rely *entirely* on two safety measures to protect the public from unacceptable cost and reliability risk.

R3 proposal can be added to voluntary approaches to provide essential reliability and cost protects, with essentially no downside risk.