



Executive Summary of the Pennsylvania Office of Consumer Advocate's Proposal in the PJM CIFP-LLA Stage 4 Process

Date Submitted: November 10, 2025

The Pennsylvania Office of Consumer Advocate (PA OCA) is pleased to have the opportunity to present to the PJM Management Committee and Board of Managers a **Joint Consumer Advocates Proposal** to address Large Load Additions (LLAs) in the PJM Critical Issues Fast Path (CIFP).

I. Introduction

The number of examples of large-scale, catastrophic but preventable failures is long: the Hindenburg, the Titanic, the Challenger space shuttle explosion, the Deepwater Horizon oil rig failure, the Bhopal chemical disaster, the Chernobyl nuclear accident, the 2021 rolling blackouts in ERCOT, the Hyatt Regency Hotel walkway collapse in 1981, and many more. After these failures occurred, causes such as political pressure and competitive haste were clear. Learning that these failures' resulting injuries had been preventable only exacerbated the devastation felt by those affected and the public.

The equivalent type of failure need not occur in PJM. The PJM Board has shown good judgment to promote an elevated focus on this matter among the stakeholder community. The PJM Board must take seriously the risk that LLAs without sufficient capacity may interconnect to the system and cause rolling blackouts and runaway energy prices. The solution to mitigate this risk is clear: by adopting a mandatory bring your own capacity (BYOC) backstop, PJM can significantly reduce the risk of rolling blackouts and runaway wholesale electricity prices.

II. The Problem within PJM

The introduction of large-scale data centers in the region presents opportunities and challenges. If introduced and implemented in a thoughtful and considered manner, the economic benefits for the states and the nation could be substantial. Conversely, without sufficient safeguards, data centers could create substantial upward pressure on electric rates in the region and decrease the reliability of the grid. Such an outcome would be untenable; rolling blackouts for

residential consumers within the region for a problem they did not cause or were unable to mitigate is unacceptable.

More specifically, LLAs have caused a growing resource adequacy problem in PJM's capacity market.¹ Of the 32 GW of peak load growth that PJM has forecasted for 2024 to 2030, 30 GW is attributed to data centers.² To address this resource adequacy problem, PJM has prioritized the "development of reliability-focused solutions to ensure [LLAs] can continue to be integrated . . . *without causing resource inadequacy*."³ In addition, capacity prices have increased elevenfold, from \$28.92/MW-day in the 2024/2025 delivery year to \$329.17/MW-day in the 2026/2027 delivery year.⁴ The bipartisan Governors' letter correctly noted that "our regional grid confronts intertwined reliability and affordability crises."⁵

Without appropriate intervention at this time, residential consumers within PJM could end up paying more for less reliable electricity service due to supply shortages caused by LLAs connecting to the power grid without sufficient capacity to back their power needs. Amid this embracing of large data centers and their positive impact on the economy, the importance of reliability of the electric system and affordability of electricity rates cannot be overstated. Reliable, reasonable, and affordable electric service is fundamental to public health and safety and foundational to economic growth and development in the PJM states.

III. The Core Components of the Joint Advocates Proposal

The core components of the Joint Advocates Proposal are shown in Attachment A. The PA OCA proposes a mandatory BYOC backstop.⁶ We propose that all load serving entities (LSEs) that plan to serve LLAs to disclose the contractually committed LLA to PJM and confirm that the LSE will bring sufficient and timely BYOC in the form of generation and reserves or demand response

¹ Memorandum from Monitoring Analytics, LLC to CIFP-LLA (Oct. 9, 2025)

https://www.monitoringanalytics.com/reports/presentations/2025/IMM_CIFP_LLA_Proposal_Memo_20251014.pdf

² Letter from PJM to PJM Stakeholders (Aug. 8, 2025), <https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2025/20250808-pjm-board-letter-re-implementation-of-critical-issue-fast-path-process-for-large-load-additions.pdf>.

³ *Id.* (emphasis added).

⁴ Utility Dive, PJM capacity prices set another record with 22% jump, July 23, 2025,

<https://www.utilitydive.com/news/pjm-interconnection-capacity-auction-prices/753798/#:~:text=Prices%20in%20that%20auction%20hit,MW%2C%20mainly%20from%20data%20centers.>

⁵ Letter from Nine Bipartisan Governors to the PJM Board of Managers (July 16, 2025), <https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2025/20250717-nine-governors-letter-regarding-board-vacancies.pdf>.

⁶ Because these LLAs seek preferential treatment through an expedited process, to prevent this preferential treatment from becoming *unduly* preferential and unjust and unreasonable rates, rules, and practices, LLAs must seriously address the costs and consequences that their preferential treatment would cause for all other consumers served by the regional grid. Thus, the PA OCA supports a mandatory BYOC and Load Offset Demand Response (LODR) proposal and load forecasting proposals.

to cover the LLA's load.⁷ The capacity resources must (1) be offered into the RPM and be subject to corresponding requirements (e.g., subject to PJM capacity payment as well as penalties for non-performance); and (2) be within the smallest applicable LDA as the LLA. Generation must be new or additional, i.e., not cleared in a previous capacity auction. Demand response must be unrestricted in the number of times or hours that it can be called because it is meant to be a firm resource that offsets the LLA's load.⁸ LSEs would pay the same penalties if the BYOC of their LLA did not perform as existing generation and pre-emergency and emergency demand response would for non-performance.⁹

We propose the creation of a new pre-emergency curtailments and emergency manual load dump curtailments that require the LSEs or EDCs to implement curtailments of LLAs to avoid rolling blackouts and curtailments of other consumers. While state and federal coordination may be required, the RAA, Section 9.1, requires LSEs/EDCs to cooperate and coordinate with other parties to ensure the reliability of the grid. State law within the PJM states authorizes the LSEs/EDCs to perform in this manner.¹⁰ If these curtailments do not happen because EDCs/states opt not to align and coordinate with PJM in protecting residential consumers, this would mean that manual load dumps will likely affect LLAs concurrently with existing residential, commercial, and industrial consumers, which can exacerbate the duration and recurrence of blackouts for residential consumers.

Our significant difference with the Joint DCC, Governors, Exelon Proposal is on the question of whether a mandatory capacity backstop can be required. These participants claim that a mandatory backstop is beyond PJM's authority and is unnecessary. The PA OCA, along with many other CIFP participants such as PJM Staff (see e.g. PJM's original non-capacity backed load proposal), the Bipartisan PJM State Legislators Collaborative, the Maryland Office of People's Counsel, the PJM Independent Market Monitor, and others, believe that a mandatory backstop or requirement can be fashioned within PJM's authority¹¹ and is a necessary protection against

⁷ Only LSEs that serve LLA and only for their load that is LLA would be subject to this requirement.

⁸ Ideally, only LLAs that are uncovered, i.e., whose generation and LODR did not perform as intended, would be manually curtailed if necessary. If, however, those uncovered LLAs cannot be identified and, for the purposes of manual curtailment, cannot be curtailed in real time, in an emergency, other LLAs could be manually curtailed to avoid or minimize the curtailment of non-LLAs.

⁹ LSEs should not be allowed to pass along these penalties to non-LLAs, which may require coordinating action by some states.

¹⁰ Indeed, in Pennsylvania, Section 2805(a) of the Public Utility Code states:

The commission, Pennsylvania electric utilities and all electricity suppliers shall work with the Federal Government, other states in the region, the North American Electric Reliability Council and its regional coordinating councils or their successors, interstate power pools, and with the independent system operator or its functional equivalent to ensure the continued provision of adequate, safe and reliable electric service to the citizens and businesses of this Commonwealth.

66 Pa. C.S. ¶ 2805(a).

¹¹ PJM, Jurisdictional and Legal Principles relating to CIPF- Large Load Additions, "PJM has authority under appropriate circumstances to direct the shedding of certain types of wholesale load," p.5, <https://www.pjm.com/>-

widespread blackouts and runaway electricity prices for existing residential, commercial, and industrial consumers.

IV. Conclusion – PJM Should Develop a Mandatory BYOC Backstop

The PA OCA asks the PJM Board to direct PJM Staff to prepare the necessary filings at FERC to implement a mandatory BYOC backstop. Doing so would honor the industry's obligation to serve, which applies to both existing and future customers. A mandatory backstop ensures that service interruption to existing customers is minimized, while allowing LSEs to serve LLAs. If the stakeholders supporting voluntary BYOC are correct that LLAs will voluntarily bring sufficient capacity, then the proposed mandatory requirements and backstop would be harmless discipline at a time when clear rules of the road are needed. The PJM Board has shown good judgment to promote an elevated focus on this matter among the stakeholder community at this time, and we respectfully request that the Joint Consumer Advocate Proposal be adopted.

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Executive Summary of the Maryland Office of People's Counsel

CIFP -Resource Adequacy – Stage 4

The Maryland Office of People's Counsel (MdOPC) appreciates the opportunity to present its proposal to the PJM Board as part of the Critical Issue Fast Path – Large Load Additions (CIFP-LLA) stakeholder process. MdOPC supports the Joint Consumer Advocates Proposal that is attached below and to the executive summary and the proposal matrix submitted by the Pennsylvania Office of the Consumer Advocate.

PJM is confronting one of the most serious challenges in its history. The unprecedented pace of proposed large load additions—driven almost entirely by data center development—poses significant risks to reliability and presents a fundamental test of PJM's market framework. As the PJM Board emphasized in its August 8, 2025 letter initiating the CIFP-LLA process, the region's future reliability depends on developing market-based solutions that ensure resource adequacy. MdOPC submits this statement to underscore the urgency of these issues and to outline principles for a solution that responsibly accommodates LLAs without jeopardizing reliability or imposing undue costs on existing customers.

PJM's current framework was not designed for the magnitude or concentration of new load now emerging. Tens of gigawatts of potential data center demand are being proposed across the region, often in areas where generation and transmission infrastructure are already constrained. The system is approaching a point where planning errors will no longer be quietly absorbed; they will manifest as sharp capacity price volatility, reliability risk, and unjust cost burdens on existing consumers. MdOPC believes PJM must adopt a durable, forward-looking framework that uses existing market structure to ensure that those who bring on new large loads bear the corresponding responsibility for securing the capacity and transmission necessary to serve them.

A central feature of MdOPC's position is a Bring Your Own Capacity (BYOC) requirement. Any entity proposing a new large load must either develop or contract for new, additional capacity (i.e., new build or new resource capacity that has not cleared in prior auctions) equal to its unforced capacity requirement plus reserves. That capacity must be located within the smallest applicable Locational Deliverability Area (LDA) as the load it supports, ensuring that reliability obligations are met locally and avoiding unnecessary transmission costs that would otherwise be shifted to ratepayers across the region. BYOC resources must also be synchronized in time with the corresponding load, meaning that generation and demand come online together. This structure prevents mismatches between when load appears and when supply is available, closing one of the most significant current gaps in PJM Staff's voluntary proposal.

A properly structured BYOC rule provides strong incentives for market participants to internalize reliability costs while maintaining flexibility for state-supported or private entities to determine how to meet their obligations. BYOC also creates the conditions to apply necessary requirements to ensure reliability. Namely, entities that connect large loads without the corresponding capacity commitments must face enforceable consequences so that the private development choices of LLAs do not impose public reliability costs. MdOPC and other consumer advocates have coalesced around this principle – required BYOC with consequences that maintain reliability – because it represents the only sustainable balance between economic growth and reliability protection and does not burden existing customers with reliability risks or additional costs that are caused by the LLA customers.

MdOPC further emphasizes that effective implementation of load forecasting reforms is critical and time-sensitive. The current forecasting process, while historically sufficient, cannot capture the uncertainty or volatility of LLA development. Forecasting methodologies must shift to a uniform, transparent, and verifiable standard that requires documentation of financial, contractual, and construction commitments before load is included in forecasts. This is not a theoretical refinement; it is a prerequisite for protecting consumers from the substantial cost consequences of an erroneous forecast. These reforms must be implemented immediately and in place for the 2026 forecast cycle. Without them, customers could face significant and unjust capacity and transmission charges tied to speculative projects that never materialize.

MdOPC recognizes the importance of coordination among PJM, state regulators, and Load Serving Entities to implement these measures effectively. However, that coordination must reinforce, rather than dilute, the obligations of large loads to meet system reliability requirements. MdOPC's approach avoids jurisdictional conflict by

aligning precisely with PJM's established authority: PJM retains responsibility for the wholesale market practices that directly affect rates, including the preparation of the load forecast, the procurement of capacity, and the enforcement of capacity obligations. States, in turn, continue to exercise their jurisdiction over siting, permitting, and retail service obligations.

The urgency of this effort cannot be overstated. Failure to implement these reforms now will lead directly to avoidable cost transfers and reliability degradation. MdOPC urges the Board to ensure that PJM's final CFP outcome produces a transparent, enforceable, and market-aligned framework that only accommodates large loads if adequate safeguards are in place to protect all customers.

COMMONWEALTH OF PENNSYLVANIA



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To PJM CIFP-LLA:

On November 10, 2025, the Pennsylvania Office of Consumer Advocate and Maryland Office of People's Counsel submitted a Stage 4 CFP package titled the "Joint Consumer Advocates Proposal" reflecting core components that will protect the interests of residential consumers in a reliable and affordable regional electricity grid.

We are pleased to share that the following six consumer advocate offices of the PJM States have joined the Joint Consumer Advocates Proposal:

1. Maryland Office of People's Counsel
2. State of New Jersey, Division of the Rate Counsel
3. State of Delaware, Division of the Public Advocate
4. Office of the Illinois Attorney General
5. Illinois Citizens Utility Board
6. Pennsylvania Office of Consumer Advocate

Enclosed is the updated Joint Consumer Advocates Proposal reflecting the logos of each of these offices.

Respectfully yours,

A handwritten signature in blue ink that reads "Melanie Joy El Atieh".

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APPENDIX A



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STATE OF NEW JERSEY
DIVISION OF THE RATE COUNSEL



CITIZENS UTILITY BOARD
Fighting for Illinois Consumers



Joint Consumer Advocates Proposal

Affordability and Reliability for Residential Customers (ARRC) Core Components

Bold text indicates the core market and operational principles of the Joint Consumer Advocates proposal to protect residential consumers' interests in receiving reliable, reasonable, and affordable electric service. Regular text provides additional description of how to achieve the principle.

References:

Governors (MD, NJ, PA, VA), Data Center Coalition, Exelon dated Nov. 6, 2025, "Joint Data Center Proposal [Updated]".

Bipartisan PJM State Legislators Collaborative, Nov. 7, 2025, "Bipartisan Proposal"

1. Mandatory Bring Your Own New Capacity (BYOC) for Large Load Additions (LLAs):

- a. LLAs must simultaneously provide a combined amount of RPM-eligible new capacity (UCAP) and associated reserve margin located at the smallest applicable Load Deliverability Areas (LDAs).**

Capacity must be in the form of generation or demand resources that: (1) offers into the RPM and is subject to corresponding requirements (e.g., subject to PJM capacity payment as well as penalties for non-performance); and (2) must be in the smallest applicable LDA. Non-“Must Offer” resources must participate in RPM to qualify as BYOC.

Generation must be new or additional, i.e., not cleared in a previous capacity auction (see Joint Data Center Proposal [Updated], Tenet 1, p. 7, which requires a power purchase agreement (PPA) with LLA along with some other options).

Do not support allowing uprate or expansion of an existing resource to meet the BYOC requirement to maximize utilization at its point of interconnection unless this uprate or expansion has not cleared in the previous capacity auction (oppose Joint Data Center Proposal [Updated], Tenet 1, p. 7).

Do not support allowing generation that is asserted to have a compelling economic basis for retirement by an independent audit and approved by the state to meet the BYOC requirement (oppose Joint Data Center Proposal [Updated], Tenet 1, p. 7).

Do not support allowing generation that undergoes fuel-switching for economic reasons to another more efficient fuel type to meet the BYOC requirement (oppose Joint Data Center Proposal [Updated], Tenet 1, p. 7).

May consider supporting nuclear facilities in the processes of relicensing to be new/additional generation.

Generation and demand response must be within the smallest applicable LDA as the LLA or equivalent requirement (e.g., co-locate at the constraint as identified through state review process that requires load/generation deliverability tests as a gating factor). (Note: Joint Data Center Proposal [Updated] proposes voluntary acceleration of interconnection for LLA and generation within the same LDA, Tenet 2, p. 8)

Generation and demand response must be available for offer into the capacity market simultaneously, i.e., synchronized in time, with the LLAs.

Demand response that is limited in number of activations or hours is not eligible to satisfy BYOC (oppose Joint Data Center Proposal [Updated], Tenet 2, p. 4.).

LLAs can participate in PJM's PRD but that would not satisfy the BYOC requirement.

- b. LLAs that do not BYOC, if allowed to connect to the grid, are subject to interruption through its EDC or LSE at the beginning of pre-emergency procedures, before Demand Resources.**

LLAs cannot take "interruptible" service as a substitute for capacity requirements under BYOC (i.e., be interrupted during grid emergencies, also referred to as Non-Capacity Backed Load (NCBL)) (oppose Bipartisan PJM State Legislators Collaborative, Tenet 6).

- c. LLAs would be subject to emergency manual load shed prior to emergency manual load shed for all other customers, as implemented through its EDC or LSE.**

Includes new load shed priority that is a manual load shed of LLAs prior to manual load shed all other customers in times of emergency when there is insufficient capacity to meet LLAs (the Joint Proposal states on p. 4, "Establish new PJM emergency procedure, Step, 9A, for deployment immediately prior to manual load shed," presumably referring to "interruptible LLA).

The new load shed priority is not considered a capacity product and does not offset the capacity payments of the LLA by and through its LSE (oppose Joint Data Center Proposal [Updated], p. 4, creation of Step 9A as a new product).

If PJM can in real-time identify those LLAs whose generation and/or LODR/Demand Resources are performing as required, then those LLAs would be curtailed after non-performing LLAs.

PJM should ensure that all 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.

- d. The PJM method of assigning manual load sheds, during pre-emergency and emergency conditions, will be addressed with stakeholders the first quarter of 2026.**

- 2. Extend Current Capacity Price Cap through the latter of two auctions or the first auction in which a majority of the capacity of the EIT resources are available for the BRA (in contrast to Joint Data Center Proposal [Updated], Tenet 5, p. 11).**

3. **Support PJM's Expedited Interconnection Track (EIT)** (consistent with Bipartisan Proposal, p. 9; similar to Joint Data Center Proposal [Updated], Component 3, p. 5 and Tenet 1, p. 7).
4. **Load Forecasting must rely on uniform, transparent, and verifiable information and commitments for the LLA to be included in the forecast starting with the 2026 forecast** (consistent with Joint Data Center Proposal [Updated], Component 1, p. 3).

We are supportive of state review of load forecasts, independent third-party involvement in the verification of data center load growth, and alignment of forecasts with approved transmission projects in TEAC as proposed by other parties.

5. **Transmission costs: PJM will initiate a stakeholder process to require large load customers to cover the costs of RTEP and supplemental projects caused by their addition to the system.**
6. **Tighten the LLA definition to be 20 MW and at same interconnection point or multiple interconnection points where the LLA is an array of connected facilities.**

LLA definition is inclusive of all *new* interconnecting loads following the beginning of CIFP process.

7. **Do not oppose a State Siting & Permitting Collaboration Outside the PJM process** that engages a state consortium among customers and states to provide a state sponsored project siting and permitting mechanism to accelerate LLA development (Joint Data Center Proposal, Updated, Tenet 3, p. 9)