



## **Dominion Energy Virginia (DEV) Proposal Executive Summary**

DEV's proposal establishes a Load Entity (LE) Insufficiency Penalty based on incremental new large load additions and supports many of the resource adequacy solutions brought to the CIFP to create a holistic package that will rebalance capacity supply with demand. The Insufficiency Penalty will place appropriate incentives on LEs to support new generation build, retain existing generation, or arrange capacity equivalent options to meet their new Large Load Addition (LLA) obligations.

Recognizing that the Base Residual Auction (BRA) is not designed to act as a central procurement auction and that the development of new generation to meet forecasted load growth will require long-term bilateral contracts, the proposal places the obligation on LEs to procure new incremental capacity to support interconnection of new large loads prior to the BRA. This will move the BRA back to its original design as a residual auction and lead to more affordable customer prices.

### **I. Enhancements to the Load Forecasting Process**

The existing *Load Adjustment Request Implementation* guidelines published by the PJM Resource Adequacy Planning Department strike the right balance of 1) protecting customers from speculative load forecasts that could cause over procurement of capacity in the near-term (i.e. 3-year) forecast, and 2) not being overly conservative with respect to the inclusion of large load adjustments in the long-term forecast. The guidelines adequately address concerns surrounding duplicative requests by appropriately requiring a "construction commitment or electric service obligation within the electric service provider's territory" for the inclusion of LLAs in the near-term forecast.<sup>1</sup> At the same time, the rules allow EDCs to have some discretion on loads to be included in longer-term forecasts. Imparting more prescriptive rules on what loads can be included in long-term forecasts could adversely affect regional transmission planning and further exacerbate resource adequacy issues within the PJM region.

The DEV proposal supports development of a standard LLA presentation template that requires reporting of both expected LLA capacity and demand. Uniform presentations will allow stakeholders to more easily compare levels of LLA requests by EDC/LSE.

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<sup>1</sup> PJM, *Load Adjustment Request Implementation*, July 1, 2025, available at <https://www.pjm.com/-/media/DotCom/committees-groups/subcommittees/las/postings/load-adjustment-request-implementation.pdf>



The proposal supports a third-party “reality-check” of data center assumptions in PJM’s load forecast but allows for EDCs/LSEs to review and provide input on any proposed adjustments prior to PJM finalizing the forecast.

Finally, the proposal provides the EDCs/LSEs the opportunity to review proposed LLAs with the Independent State Agencies Committee (ISAC). DEV believes the ISAC is the appropriate venue to allow for state review of the load forecasting process as each PJM state commission is represented and meetings can be planned in accordance with PJM’s current load forecasting process timeline.

## **II. PJM’s Expedited Interconnection Track (EIT) with Modifications**

DEV’s proposal adopts PJM’s EIT proposal with the following changes:

- Projects approved under the state regulatory process for new generation construction and that are in accordance with a utility’s approved Integrated Resource Plan should meet the state support requirement.
- Existing projects that meet EIT eligibility criteria in PJM’s interconnection Cycles may migrate to EIT, with prior Cycle deposits credited toward EIT deposit requirements. EIT projects should automatically request Interim Deliverability Studies for Provisional Interconnection Service ahead of system network upgrades. This aligns with the spirit that EIT projects are meant to get energy on the system as soon as possible.

## **III. LE LLA Insufficiency Penalty to Incentivize Development of New Capacity Resources, or Reactivation of Retiring Resources, to Support LLAs**

DEV proposes implementing an LE LLA Insufficiency Penalty— transitioned over five years—to incentivize LEs to procure new capacity for at least 70 percent of their total new LLAs obligation prior to the Base Residual Auction (BRA), with a final true up for the Third Incremental Auction (3IA); see Appendix for details. LEs can procure capacity through a variety of capacity or capacity-equivalent options to reduce their exposure to the penalty.



Capacity Options

New capacity (of any Capacity Resource type, including DR) can be built through self-supply or by entering bilateral contracts to meet the LE's new LLA obligation. DEV is not proposing a locational or deliverability requirement for this capacity, as any procured capacity will alleviate region-wide resource adequacy concerns.

LEs can contract resources that are set to deactivate to meet their new LLA obligation. Given the unique regulatory considerations of nuclear, nuclear resource owners can demonstrate that the resource would have been retired under existing market conditions absent a commercial contract. Any uprates would be viewed as new capacity and would not be contingent on an investment threshold.

Capacity-Equivalent Options

New LLAs that use PJM's Price Responsive Demand solution will be excluded from the LE's new LLA obligation and the RPM demand stack.

Large loads that bilaterally contract new or retiring adjacent generation that agree to offset demand or agree to be severed from the grid during pre-emergencies or emergencies will be excluded from an LE's new LLA obligation for the penalty, and the load and generation will not participate in the RPM. To incentivize this option, the load and generation will be studied together for expedited (6-month) interconnection.<sup>2</sup>

PJM-assessed quantities of Provisional Interconnection Service that are deliverable to large load pockets during system emergencies can be contracted and be excluded from an LE's new LLA obligation and the RPM demand stack.

The objective of the penalty design is to incentivize LEs to proactively procure new generation capacity to meet their new large load additions and to not rely solely on the BRA. A behavioral change in how capacity is secured for new large loads is necessary for the RPM to remain a functional and viable market for existing load. DEV proposes a penalty based on 70 percent of LE's new LLA obligations to accommodate different business models and state regulations that vary by jurisdiction, to mitigate customer cost risk from over-procurement, and to encourage the original intention of the BRA to serve as a residual auction.

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<sup>2</sup> DEV's electric transmission group believes 6 months is the fastest loads and generation could be studied and interconnected while ensuring operational reliability.



## Appendix

### Comparison of Dominion Energy and PJM proposals

|                                                                | DEV                                                                                                                                                                                            | PJM                                                                                                                                                                                            | Benefits of DEV Proposal                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market-Design Features for Resource Adequacy</b>            | Load Entity LLA Insufficiency Penalty with 5-year transition to mitigate market shocks                                                                                                         | N/A                                                                                                                                                                                            | <p>The incentive will directly address the core underlying cause of resource adequacy issues—adding large loads to the system that responsible load entities cannot reliably serve.</p> <p>Penalty revenues will be allocated back to sufficient LE's such that loads that take action to maintain resource adequacy will be benefited. This helps protect customers in sufficient areas and leaves states with the responsibility of making rules governing LEs to protect ratepayers.</p> |
| <b>Getting Generation Online Quickly; Generator Incentives</b> | EIT open to generation projects approved or sponsored by state, including those part of IRP to meet demand growth and/or reliability.                                                          | EIT                                                                                                                                                                                            | EIT with broader eligibility and accommodations for a wider variety of business models will be more effective at getting MWs on the system.                                                                                                                                                                                                                                                                                                                                                 |
|                                                                | Add transparency with hopes that projects with GIAs that have yet to build will be able to bilaterally contract so that they can be in a financial position to move forward with construction. | Add transparency with hopes that projects with GIAs that have yet to build will be able to bilaterally contract so that they can be in a financial position to move forward with construction. | Same proposal.<br><br>Getting generation that has already been studied and approved for interconnection to build is likely on of the fastest ways to get new generation online.                                                                                                                                                                                                                                                                                                             |
|                                                                | Bilaterally contracted adjacent generation and load                                                                                                                                            | N/A                                                                                                                                                                                            | Offering a 6-month joint generation and interconnection process will incentivize this option;                                                                                                                                                                                                                                                                                                                                                                                               |



|                                      |                                                                                                                                     |                                                                                                                              |                                                                                                                                                                                                                                                                                                            |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      |                                                                                                                                     |                                                                                                                              | getting generation online quickly to meet LLAs.                                                                                                                                                                                                                                                            |
| <b>Demand Flexibility Incentives</b> | PRD                                                                                                                                 | PRD                                                                                                                          | Same proposal<br><br>Subtracting this from the RPM demand stack will reduce load needs in the capacity market/mitigate capacity pricing impacts of LLAs.                                                                                                                                                   |
|                                      | Bilaterally contracted adjacent generation and load                                                                                 | N/A                                                                                                                          | Gen+Load with a net zero impact on the grid during capacity events means load can interconnect, but will not affect the grid during time of system stress.<br><br>Subtracting this load from the RPM demand stack will reduce load needs in the capacity market/mitigate capacity pricing impacts of LLAs. |
|                                      | Provisional Interconnection Service capacity-equivalents of energy that is deliverable to large load pockets during capacity events | N/A                                                                                                                          | MWs that are available on the system should be used.<br><br>Subtracting this from the RPM demand stack will reduce load needs in the capacity market/mitigate capacity pricing impacts of LLAs.                                                                                                            |
| <b>Load Forecast</b>                 | EDCs work with PJM to create a standard EDC Large Load Adjustment presentation template to be used at the LAS.                      | N/A                                                                                                                          | The template must, at a minimum, include MW values corresponding to signed contracts (contract equivalents to engineering studies, construction commitments, and electric service obligations) and MW values for demand vs. capacity.                                                                      |
|                                      | EDCs to review large load adjustment requests with state commissions at the Independent State Agencies Committee (ISAC)             | Added step for state commission opportunity to review and provide feedback on large load adjustments prior to finalizing and | Formalizing the state commission review step to be at the ISAC will ensure the load forecast development schedule is maintained.                                                                                                                                                                           |



|  |                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                          |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |                                                                                                                                                                                                                                                                          | issuing the load forecast.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                          |
|  | Independent, experienced, third-party forecast of data center growth performed in parallel with EDC Large Load Adjustment Requests. Individual EDCs will be given the opportunity to review the third-party forecast with PJM prior to PJM finalizing the load forecast. | Additional industry specific review of the PJM Load forecast (i.e. cross check with national level forecast and equipment projections) which may include a 3rd party review.                                                                                                                                                                                                                                                                                                                                 | EDCs have the most information on the interconnecting loads and as such, should have the opportunity to review any proposed adjustments to their large load adjustments. |
|  | Commitment requirements already in place as a result of LAS work.                                                                                                                                                                                                        | <p>Commitment requirements already in place as a result of LAS work.</p> <p>Require LLA submitters to provide the number of sites and amount of MW that are duplicative. Failure to provide justification and explanation of the MWs will result in the reported MWs being removed from the forecast.</p> <p>To be included in the PJM load forecast, EDC/LSE/TO must ensure customer NDAs include ability to share all information with PJM related to large loads and such information must be shared.</p> | Less risk of worsening resource adequacy issues from under forecasting by not arbitrarily excluding load from the forecast.                                              |



**Load Entity New Large Load Addition Insufficiency Penalty (LE NLLA IP) Details:**

- *Load Entities* (LEs) are all loads with resource adequacy requirements:
  - EDCs/Cooperatives;
  - Vertically integrated utilities in traditionally regulated states;
  - Competitive suppliers in restructured states;
  - Direct access wholesale loads; and
  - Winners of default service auctions (assessment will not be on the EDC that is the default service provider).
- LEs that are responsible for serving NLLAs are given an *NLLA Obligation* equal to the sum of UCAP needed to serve the NLLAs.
- LEs can secure capacity to meet their NLLA Obligation using capacity or capacity-equivalent options listed on page 3 of this document.

If a LE does not secure capacity to an extent that matches 70 percent of their new large load obligation, then they will be charged the MW difference times Point A of the VRR Curve

$$\begin{aligned} LE\ NLLA\ IP \\ = Point\ A\ of\ the\ VRR\ Curve \times Max[0, \\ (LE\ NLLA\ Obligation - LE\ NLLA\ capacity)] \end{aligned}$$

- The penalty will be assessed 30 days prior to the BRA to give LE's a benchmark of their compliance status and then fully reassessed for settlement after the 3IA.
- DEV proposes a 5-year transition to mitigate shocks to the market and to give LEs time to develop compliance solutions. The penalty will be calculated for each transition year, with 0 percent assessed in years 1-3, 50 percent in year 4, and 100 percent in year 5. DEV is also open to considering additional penalties if the RPM auctions clear under the Reliability Requirement.

PJM will allocate penalty revenues on a pro-rata basis to RPM LEs that did not have any LLAs or that secured 70% or more of their total new large loads, based on their daily unforced capacity obligation.



**Examples:**

|            | LE New Large Load Additions | LE New LLA Obligation Decrease from Capacity-Alternatives                                                                 | LE New Large Load Obligation at time of auction | LE %, MW required 30 days prior to auction | LE Procurement Status 30 days prior to auction                                                                    | LE MW Insufficient |
|------------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>BRA</b> | 100 MW                      | + 0 MW Bilaterally contracted generation with load<br>+ 0 MW Provisional Service<br>+ 0 MW PRD<br>+ 0 MW Retired Resource | 100 MW                                          | 70%,<br>0.7(100 MW) =<br><b>70 MW</b>      | + 10 MW Self-Supply<br>+ 60 MW Bilaterally Contracted<br>+ 0 MW Retired Resource<br>= <b>70 MW UCAP Secured</b>   | <b>0 MW</b>        |
| <b>1IA</b> | 100 MW                      | + 0 MW Bilaterally contracted generation with load<br>+ 0 MW Provisional Service<br>+ 0 MW PRD                            | 100 MW                                          | 70%,<br>0.7(100 MW) =<br><b>70 MW</b>      | + 10 MW Self-Supply<br>+ 60 MW Bilaterally Contracted<br>+ 10 MW Retired Resource*<br>= <b>80 MW UCAP Secured</b> | <b>0 MW</b>        |
| <b>2IA</b> | 150 MW (New Forecast)       | + 0 MW Bilaterally contracted generation with load<br>+ 0 MW Provisional Service<br>+ 0 MW PRD                            | 150 MW                                          | 70%,<br>0.7(150 MW) =<br><b>105 MW</b>     | + 10 MW Self-Supply<br>+ 60 MW Bilaterally Contracted<br>+ 10 MW Retired Resource<br>= <b>80 MW UCAP Secured</b>  | <b>25 MW</b>       |
| <b>3IA</b> | 150 MW                      | + 5 MW Bilaterally contracted generation with load<br>+ 5 MW Provisional Service<br>+ 10 MW PRD                           | 130 MW                                          | 70%,<br>0.7(130 MW) =<br><b>91 MW</b>      | + 10 MW Self-Supply<br>+ 60 MW Bilaterally Contracted<br>+ 10 MW Retired Resource<br>= <b>80 MW UCAP Secured</b>  | <b>11 MW</b>       |

*LE LLA Insufficiency Penalty = Point A of the VRR Curve × Max[0, [0.7(LE MW UCAP new large load obligation) – LE MW UCAP Secured]]*

**LE LLA Insufficiency Penalty = Price at Point A of VRR Curve × 11 MW**

|            | LE New Large Load Additions | LE New LLA Obligation Decrease from Capacity-Alternatives                                                                 | LE New Large Load Obligation at time of auction | LE %, MW required 30 days prior to auction | LE Procurement Status 30 days prior to auction                                                                                                      | LE MW Insufficient |
|------------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>BRA</b> | 100 MW                      | + 0 MW Bilaterally contracted generation with load<br>+ 0 MW Provisional Service<br>+ 0 MW PRD<br>+ 0 MW Retired Resource | 100 MW                                          | 70%,<br>0.7(100 MW) =<br><b>70 MW</b>      | + 10 MW Self-Supply<br>+ 60 MW Bilaterally Contracted<br>+ 0 MW Retired Resource<br>= <b>70 MW UCAP Secured</b>                                     | <b>0 MW</b>        |
| <b>1IA</b> | 100 MW                      | + 0 MW Bilaterally contracted generation with load<br>+ 0 MW Provisional Service<br>+ 0 MW PRD                            | 100 MW                                          | 70%,<br>0.7(100 MW) =<br><b>70 MW</b>      | + 10 MW Self-Supply<br>+ 60 MW Bilaterally Contracted<br>+ 10 MW Retired Resource*<br>= <b>80 MW UCAP Secured</b>                                   | <b>0 MW</b>        |
| <b>2IA</b> | 150 MW (New Forecast)       | + 0 MW Bilaterally contracted generation with load<br>+ 0 MW Provisional Service<br>+ 0 MW PRD                            | 150 MW                                          | 70%,<br>0.7(150 MW) =<br><b>105 MW</b>     | + 10 MW Self-Supply<br>+ 60 MW Bilaterally Contracted<br>+ 10 MW Retired Resource<br>= <b>80 MW UCAP Secured</b>                                    | <b>25 MW</b>       |
| <b>3IA</b> | 150 MW                      | + 5 MW Bilaterally contracted generation with load<br>+ 5 MW Provisional Service<br>+ 10 MW PRD                           | 130 MW                                          | 70%,<br>0.7(130 MW) =<br><b>91 MW</b>      | + 10 MW Self-Supply<br>+ 60 MW Bilaterally Contracted<br>+ 10 MW Retired Resource<br>+ 20 MW Bilaterally Contracted<br>= <b>100 MW UCAP Secured</b> | <b>0 MW</b>        |

*LE LLA Insufficiency Penalty = Point A of the VRR Curve × Max[0, [0.7(LE MW UCAP new large load obligation) – LE MW UCAP Secured]]*

**LE LLA Insufficiency Penalty = Price at Point A of VRR Curve × 0 MW (i.e. no penalty)**