CPV Alternate Proposal

CIFP – Reliability Backstop Procurement

May 4, 2026

Competitive Power Ventures

THE RELIABILITY CHALLENGE

- Urgent need for new generation as PJM faces a **significant capacity shortfall** that is expected to continue to grow rapidly
- Goal of RBP is to **create sufficient runway** to enable longer-term market reforms
    - Incentivizing bilateral contracting should be a goal of the long-term fix but should not be relied upon as part of a true backstop solution.
- Given the scale and urgency of the shortfall, a **wait-and-see approach introduces unnecessary risk** to reliability
- Reliability Backstop needs to **immediately secure all resources that are ready to break ground** in the near term

PROCUREMENT STRUCTURE AND TIMING

Overall Structure

Modification

- Eliminate Bilateral Matchmaking window
- Move directly to Central Procurement
  - Commence in September 2026
  - Award contracts in December 2026

Justification

- Avoids reliance on uncertain bilateral contracting outcomes
- Secures binding commitments earlier, enabling the financing and construction of advanced projects
- Reduces risk of lost time while accelerating supply additions that help mitigate prolonged high prices

GATING CRITERIA

COD Requirement

Modification

- Extend COD requirement to June 1, 2033
  - Reflects known development, supply chain and network upgrade timelines

Justification

- Current COD requirement excludes otherwise viable projects
  - Significant portion of TC2 projects have interconnection and network upgrades that extend beyond June 1, 2031
- Expanding eligibility increases competition and access to lower-cost, buildable MW

Interconnection Requirements

Modification

- Eligible projects must have a signed ISA or be active in PJM's interconnection queue (TC2, C01)

Justification

- Ensures selection focuses on projects with a demonstrated path to deliverability
- Reduces risk of selecting speculative projects by creating apples-to-apples comparison

SELECTION METHODOLOGY AND COLLATERAL

Selection Methodology

Modification

- Projects selected in rank order of least cost UCAP by Delivery Year
  - Preference for projects with earlier COD

Justification

- Balances cost and timing in procurement decisions
- Ensures sufficient MWs procured to meet target

Collateral

Modification

- Include cap on RBP collateral
- Reduce RBP collateral by 50% at COD

Justification

- Removes potential barrier to large scale projects and reduces unnecessary carrying costs that ultimately flow through to customers
- Reflects material reduction in development and delivery risk at COD

IMPLICATIONS FOR RELIABILITY BACKSTOP

- Aligns Reliability Backstop with **timing of real project investment decisions**
- Advances projects capable of starting construction in the near term which represent the **highest likelihood of delivery**
- Projects in advanced development are approaching a critical investment decision point
  - TC2 (includes RRI) projects will reach **Decision Point 3** in December 2026
  - Developers must execute an ISA and post **significant at-risk capital**
  - Advancement is **dependent on a clear path** to commercialization and financing
- Ensures Reliability Backstop secures advanced projects and avoids delaying or losing the large-scale, construction-ready MWs that will be needed to meet the procurement target