



# **Protecting Ratepayers and Reliability: The Case for a Bilateral Phase**

PJM Reliability Backstop CIFP

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# Reliability, Growth, and Fair Cost Allocation

- Support continued economic growth across the PJM region
- Ensure reliability amid rapidly increasing demand
- Pay for the power needed to serve our load
- Maintain market stability and investor confidence

# We support PJM direction for Bilateral First

- DCC supports PJM's proposal to begin with a bilateral phase
- Some stakeholders are pushing to bypass or minimize this step
- We believe that approach introduces significant risk
- **Getting the sequencing right is critical to success**

# The Core Issue: Lack of Cost Recovery Clarity

- EDCs currently lack clear pathways for cost recovery
- Without clarity, participation incentives are weak
- Likely outcome: conservative or zero bids
- This undermines procurement effectiveness from the start

# Why Bilateral First, And the Risk of Skipping It

- What works: PJM's bilateral-first approach
  - Direct contracting aligns costs with large load
  - Improves confidence and participation
- Why the bilateral window matters now:
  - Now: Large loads can contract directly with suppliers
  - In parallel: States & EDCs finalize tariffs, rules, and laws for cost allocation

**Bottom line:** Bilateral is not a delay—it's what makes the overall mechanism work as intended

# Delivering on the Ratepayer Protection Pledge

- The White House, NEDC, and PJM Governors have been clear:
  - New large loads should pay their fair share
  - Reliability solutions should protect existing ratepayers
- PJM's bilateral-first approach is the most direct way to achieve this goal
- Bilateral contracting: Enables costs to flow directly to the customers driving demand
- Skipping or weakening this step risks undermining the very pledge we are all trying to uphold

# Recommended Path Forward

1. Enable a defined bilateral contracting window
2. Establish clear cost allocation and recovery frameworks
3. Proceed with targeted central procurement

**Get the sequence right to ensure the mechanism works as intended**

# DCC Supports PJM- With Targeted Refinements

- Support PJM's bilateral-first framework
- Targeted Changes
  - Objective is to close the UCAP shortfall: all new UCAP should count
  - Permit replacement MWs in RBP for UCAP degradation, provided ICAP is unchanged—balancing flexibility for real resources with safeguards against speculative entry
- Goal: improve execution without expanding scope or delaying timelines

# Thank you!

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