

# Joint Stakeholder Proposal for a Reliability Backstop Auction

Constellation, Vistra and Earthrise  
Critical Issue Fast Path - Reliability Backstop Procurement/Connect and Manage  
June 10-11, 2026

## Joint Stakeholder Proposal - Areas of Agreement with PJM

- ▶ **Shared Goal:** To address the immediate resource adequacy challenge as PJM and stakeholders consider long-term, sustainable, market design reforms as outlined in *Powering Reliability Through Market Design*.
- ▶ **Timing:** The Joint Stakeholders agree with PJM's proposal to have a one-time backstop auction that commences in September 2026.
- ▶ **Quantity Procured:** The Joint Stakeholders support a target procurement based on the shortfall from the 2028/29 BRA. A procurement focused on the shortfall will allow PJM to address short-term resource adequacy needs while minimizing the risk of over procurement and saddling ratepayers with stranded costs.
  - ▶ Any adjustments to the targeted procurement must be a "one-way ratchet" meaning that the procurement target only goes down.
- ▶ **Clearing:** The Joint Stakeholders appreciate PJM's decision to use a clearing mechanism that emphasizes earliest COD.

# Long-Term Resource Adequacy Protection Mechanism

- ▶ The BRA should remain the primary vehicle for resource entry in the PJM footprint. Resource entry will require stable price signals in the capacity market.
  - ▶ Nearly all of the 220 GW in Cycle 1 will look to capacity market price signals, not backstop auction results, in determining whether to move forward with development.
- ▶ It is critical that the backstop procurement process does not crowd out at-risk existing resources and thus create a version of the problem it is designed to address.
  - ▶ There are more than 36 GW of resources more than 50 years old.
- ▶ To ensure new resources continue to enter the PJM market and needed existing resources do not leave PJM or retire altogether, undermining long-term resource adequacy, adopt the following proposal:
  - ▶ Remove the RBA generation from the BRA and remove the lower of (a) the actual large load that is in the BRA Planning Parameters and (b) the load that was forecast as the basis for the RBA.
  - ▶ Long-Term Resource Adequacy Protection Mechanism sunsets when last RBA agreement expires.

# Long-Term Resource Adequacy Protection Mechanism (Scenarios)

- ▶ Consider three scenarios all that start with a backstop procurement of 10,000 MW based on expected load growth of 10,000 MW
  - ▶ Scenario One: 10,000 MW of new large load materializes
    - ▶ 10,000 MW of load and generation are held out of the BRA
    - ▶ Existing load and generation are in the same position as they would be in if no new large load had materialized
  - ▶ Scenario Two: 12,000 MW of new load materializes
    - ▶ 10,000 MW of load and generation are held out of the BRA
    - ▶ BRA price reflects only the incremental 2,000 MW of load that was not addressed through the RBA, recognizing incremental generation may enter to respond to the capacity price signal and additional 2,000 MW will be procured in the BRA, transitioning back to normal BRA operation after the one-time RBA
  - ▶ Scenario Three: Only 5,000 MW of new load materializes
    - ▶ 5,000 MW of load and 10,000 MW of generation are not included in the BRA
    - ▶ Existing load is in the same position as if no new large load had materialized; long-term resource adequacy is preserved because existing generation is not displaced by excess RBA resources; the additional 5,000 MW that exceeds the actual load still operates in the Delivery Year in energy market

# PJM's Connect and Manage Proposal is Unlawful

- ▶ The Joint Stakeholders support voluntary, market-based, load flexibility.
  - ▶ The Joint Stakeholder have proposed new Demand Response products (time-limited DR, backup generation DR) specifically designed to take advantage of the operating characteristics and configurations of data centers and large loads.
- ▶ PJM's Connect and Manage Proposal is legally infirm and faces an uncertain outcome if challenged.
- ▶ PJM's proposal intrudes on state jurisdictional boundaries by targeting and seeking to regulate retail activities that are within states' exclusive sphere - namely, the conditions under which particular retail load may receive firm retail service.
- ▶ In addition, PJM's proposal unduly discriminates against both new large load and existing generation.
  - ▶ Discriminates against load based on whether its new, and new load based on its size.
  - ▶ Discriminates against existing generation by denying existing resources the opportunity to be a contracting partner for new large loads seeking to avoid curtailment.
- ▶ PJM's proposal also discriminates against long LSEs with data center loads, to the extent FRR entities are exempt from Connect and Manage.