

PJM Merged RBP / C&M Market Risk Considerations

SMECO Feedback on PJM May 27th RBP Proposal | John Rohrbach | June 10-11, 2026 | RBP/C&M CFP-Stage 3.

<u>Category</u>	<u>RBP / C&M Context</u>	<u>Practical Considerations & Proposal</u>
<p>RBP Resource 20% Shortfall Charge Payment to Load for non-delivery. <i>PJM slides 16, 46 & 56.</i></p>	<ul style="list-style-type: none"> RBP non-delivery exposes pro-rata load to Connect and Manage -based curtailment risk. Large load/LSE/ED sponsor may wish to “cure” Connect and Manage curtailment risk that is caused by RBP COD delay outside of its control. 	<ul style="list-style-type: none"> Load seeking to avoid Connect and Manage curtailment risk cannot practically purchase BYONC replacement UCAP with 20% Shortfall + potential PJM non-charge of RBP payment to the load (LSE/EDC/direct load). <u>Proposal:</u> Permit RBP-load to purchase RPM replacement UCAP (IA/bilaterally), if RBP deficiency (non delivery) exposes pro-rata load to Connect and Manage curtailment.
<p>“Shortfall charge Exemption” for RBP resource COD failure due to Network Upgrade delay. <i>PJM slide 16.</i></p>	<ul style="list-style-type: none"> Late COD RBP Resource absolved from Shortfall Charges for Network Upgrade delay. But COD delay exposes pro rata load to Connect and Manage curtailment risk. 	<ul style="list-style-type: none"> COD-delayed RBP resource (network upgrade delay) exposes pro-rata load to C&M curtailment. RBP Shortage charge exemption means that load will not receive compensation for curtailment risk, if PJM was in Connect and Manage posture. <u>Proposal:</u> PJM should Withdraw COD/Network Upgrade delay Shortfall Charge Exemption.

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<p>RBP Resource has three (3) Delivery Years to reach COD; RBP Award terminated if not COD at that point. <i>PJM slide 16.</i></p>	<ul style="list-style-type: none"> RBP generation does not reach COD in 36 months, RBP award is terminated. But Pro-rata New Large Load (NLL) then exposed to C&M curtailment risk via 36-mo. RBP unit COD delay/Cancellation. 	<ul style="list-style-type: none"> 3-years-to-reach COD runway exposes load to Connect and Manage curtailment risk during period. However, pro rata NLL, if RBP unit COD-delayed & terminated at 36 months has no resource serving it for remaining ~ 12-years & waited for cancellation notice. <u>Proposal</u>: NLLs should be subject to Connect and Manage until BYONC replaced or C&M posture changed.
<p>Know Your Customer (KYC)- application to new large loads (NLL). <i>New Item: New Large Loads (NLL) KYC verification.</i></p>	<ul style="list-style-type: none"> PJM has a "Know Your Customer" (KYC) program as part of its membership, market participation, & risk management requirement. But the KYC program would not apply to new large loads absent PJM membership. NLL KYC Protects Everyone. 	<ul style="list-style-type: none"> Curtailment Capability: large load must be operationally capable of being curtailed when directed. Financial Security: As applicable, the large load must have provided adequate credit/collateral, or financial commitment to cover its allocated share of RBP costs. Load Forecasting: applicable market participant has represented the large load in PJM's load forecast. <u>Proposal</u>: NLL KYC (if not PJM member) verification via applicable market participant.