



A Path to Reliable Large-Load Integration

Creating Certainty for Investment, Customers, and the Grid

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New Load Should Fund New Capacity

Industry practice has already shifted toward customer-funded capacity to protect existing ratepayers.



1 New Data Center Load
Growing demand from data centers and large customers.



2 Customer Brings New Capacity
Customers develop, contract for, or commit to new capacity resources.



3 Existing Ratepayers Protected
New load funds the incremental capacity resources it requires—no cost shift to existing customers.



Industry Alignment

- Major data center developers are increasingly committing to secure new capacity resources.
- The White House Ratepayer Protection Pledge **establishes an industry precedent.**



Emerging Policy Landscape

- States are developing complementary policy frameworks.
- Additional state-specific requirements may emerge over time.

Predictable Pathway to Firm Service

Large load needs regulatory certainty to confidently invest in new capacity.



1. What qualifies as new load?

Define exactly what load is considered new and how to treat existing contracts.



2. What resources can count?

Clarify which supply resources satisfy the requirement and any locational requirements.



3. Does compliance guarantee firm service?

If PJM BYONC requirements are met, will my load receive firm service?



4. How is double-charging avoided?

If I arrange a bilateral agreement, will I avoid double charges through the reliability backstop?

Key Takeaway:

Data Centers are committed to invest in new capacity once the path to firm service without paying twice is assured.

PJM Cannot Provide the Needed Answers

PJM lacks the authority to answer critical questions that customers need before investing billions to bring new supply to PJM.



1. CRITICAL QUESTIONS REMAIN UNANSWERED

- What qualifies as new load?
- What resources satisfy the requirement?
- Does compliance guarantee firm service?
- How is double-charging avoided?



2. PJM CANNOT RESOLVE THESE QUESTIONS

Wholesale tariffs cannot impose requirements or service levels on individual retail customers.



3. THE RESULT IS REGULATORY UNCERTAINTY

This disconnect undermines the efficacy of PJM's proposal and leaves it legally vulnerable.



Key Takeaway: PJM's proposal depends on customer action that PJM **lacks authority** to define, enforce, or guarantee.

Large-load integration requires new capacity and customer accountability. Lasting solutions require states and PJM to each perform their proper role.

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Connect & Manage: Challenges

Jurisdiction: Core Issue

C&M relies on retail customer characteristics to determine wholesale obligations creating a jurisdictional vulnerability.



Curtailment obligations depend on **retail customer characteristics**.



Large-load size and interconnection date/ load ramp **drives outcomes**



Retail customer attributes become **wholesale triggers**



Appears targeted at **retail transactions**



Raises **Federal Power Act concerns**

C&M Is Not Really About Load Growth

Example

	SCENARIO A	SCENARIO B
New Load	200 MW	100 MW
Customer Type	Many small loads	One large load
C&M Obligation	No	Yes



The outcome depends on customer type – not the amount of load growth

Undue Discrimination Risk

The proposal is not truly prospective – loads face different treatment based on ramp duration, not when they were put in service or contract terms.

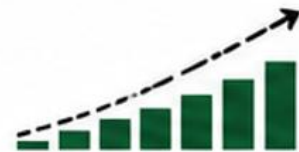
Similar Loads. Same Grid Impact. Different Treatment.

LOAD STILL RAMPING – LONGER RAMP



Online 3 years

Ramping over 8 years



Faces Connect & Manage Risk

Subject to C&M obligations

Even with contracts in place

VS.

LOAD FULLY RAMPED – SHORTER RAMP



Online 3 years

Ramped over 3 years
Fully ramped today



No Connect & Manage Risk

Not subject to C&M obligations

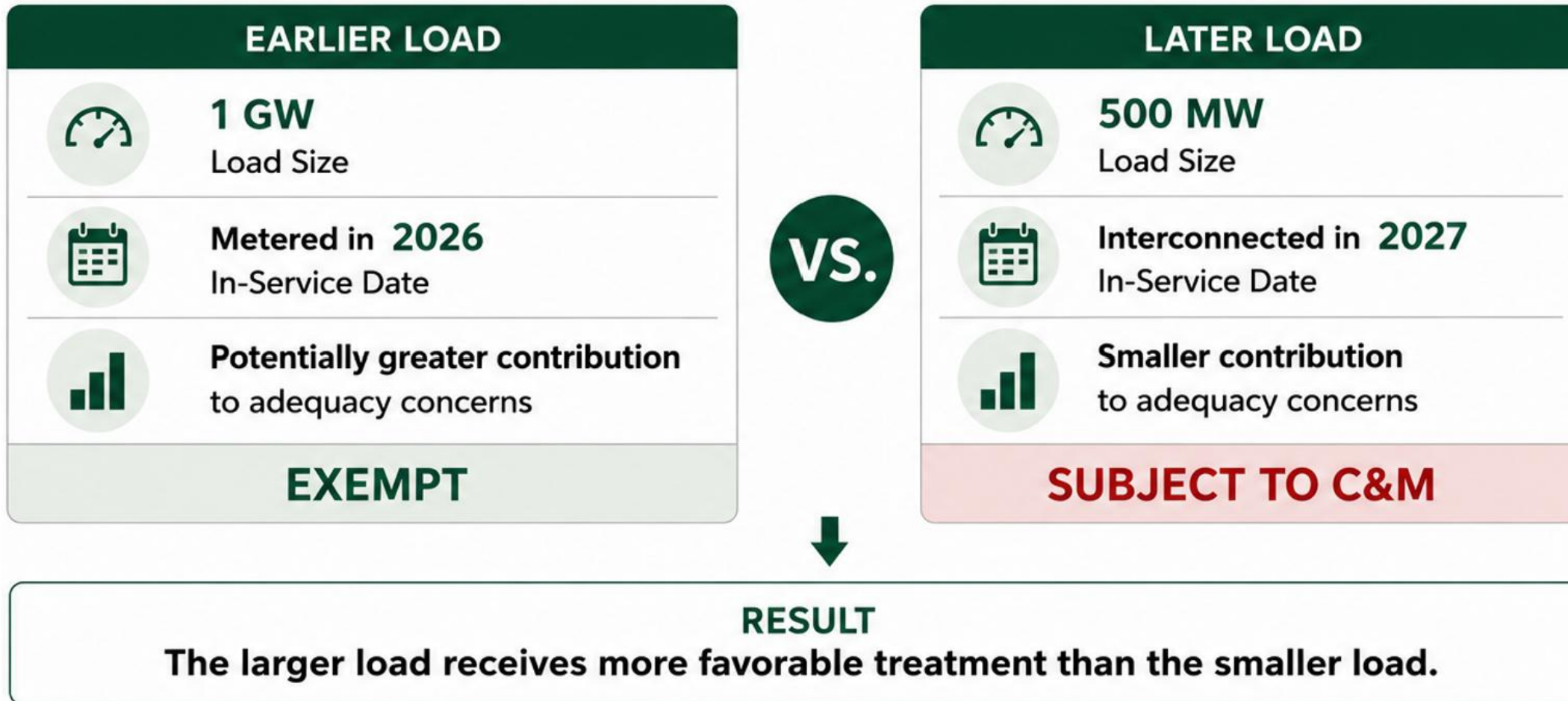
Even with similar contracts in place



The difference is based on ramp timing. Proposed rules do not permit or contemplate evaluating contracts in place. Cost causation rationale is weak.

Arbitrary Outcomes Created by Vintage

Cutoff dates create arbitrary results that are not based on load magnitude or system impact.



Protection is Not Assured

The Claimed Benefit of BYONC Is Outside PJM's Control

Protection Must Be Real

- PJM cannot dictate retail curtailment decisions
- States and EDCs determine actual load-shed priorities
- Meeting PJM requirements may not guarantee protection
- Customers may still face curtailment despite meeting PJM's BYONC requirements
- Benefits and obligations may not align

Customers need certainty regarding the benefit they receive for bringing new capacity.

Service Classification Mismatch

What Service Is Being Purchased?

- C&M load remains subject to interruption
- Customers continue paying for firm transmission (NITS)
- The proposal does not clearly establish what reliability rights accompany C&M treatment
- Undue discrimination relative to DR and disruption of DR contracts
- Benefits and obligations may not align
- Customers need certainty regarding the service they are purchasing

If customers are subject to interruption, the associated service rights and classifications should be clearly defined.

State Policy Preferences Will Differ

- States may require locational or “in state” resources
- States may impose policy priorities on the resource type, e.g., threshold % for clean resources
- States may impose additional conditions on workforce or other requirements
- Pennsylvania illustrates this trend
- BYONC to PJM \neq BYONC to State

Retail implementation will remain state-specific

Operational, Policy, and Litigation Risks



OPERATIONAL REALITY

Curtailment is a State and EDC Function

- Who gets curtailed?
- What authority does the EDC have?
- How are critical services protected?
- What are the customer priorities?
- How do interruptible and non-interruptible customers interact?



ADDITIONAL FAIRNESS CONCERNS

Burden Without Guaranteed Benefit

- New loads may fund new capacity
- No assurance they avoid curtailment
- EDC decides which load is shed
- Paying customer may still be interrupted
- Incentives for BYONG/BYONC weakened



LITIGATION EXPOSURE

Potential Challenges

- Jurisdictional challenge under FPA
- Undue discrimination claims
- Cost causation concerns
- Arbitrary and capricious arguments
- High uncertainty for implementation



Defining new load, implementing across states and EDCs, and allocating costs create significant operational, policy and legal risks without assured customer benefit

So Where Does This Leave Us?

We Agree on the Objective

- Reliability must be maintained
- New capacity should accompany new large load

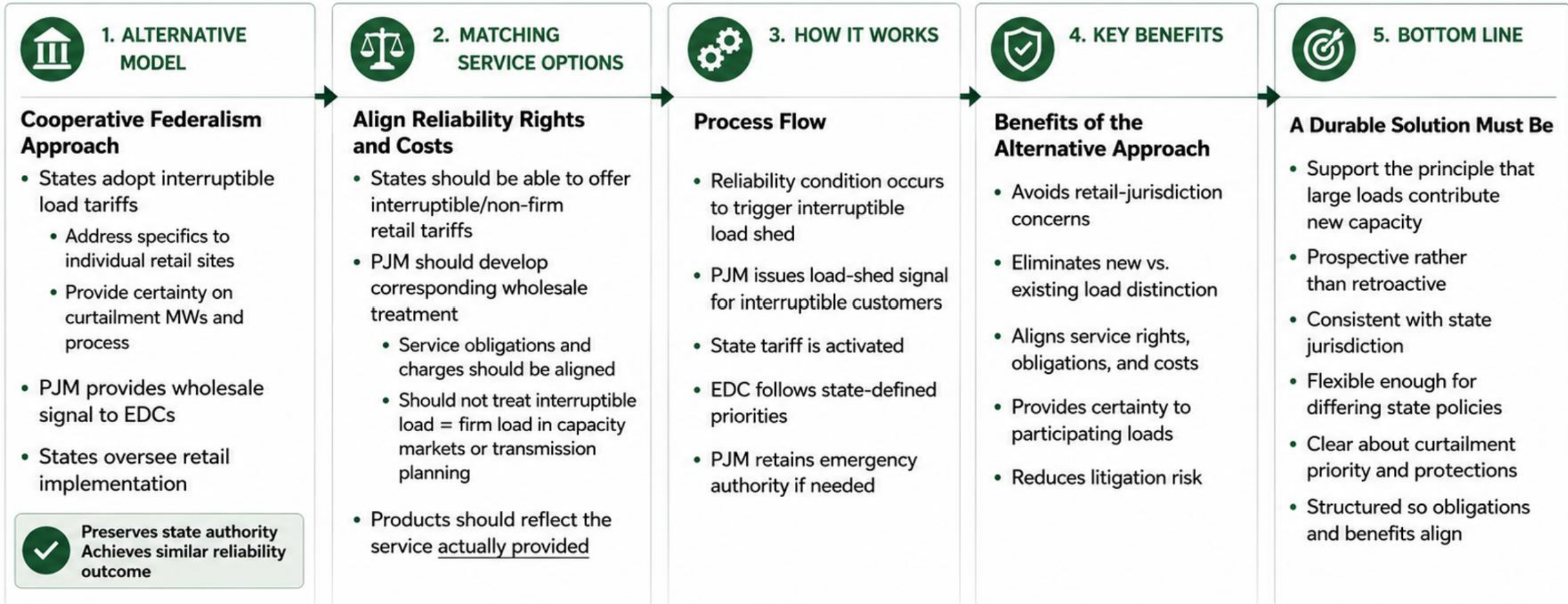
The Missing Piece

- States, EDCs, and PJM lack a coordinated framework for customer curtailment and protection

The Path Forward

- ✓ Respect and coordinate with state jurisdiction
- ✓ Create clear customer treatment rules
- ✓ Align obligations with benefits
- ✓ Preserve incentives for new capacity

A Better Path Forward: State Opt-In Model



A coordinated state opt-in model respects jurisdiction, aligns rights and costs, and delivers reliability while reducing risk and increasing certainty.

Immediate Reliability Action

Manual Load Dump: Curtail Large C&I Before Residential Load

While states develop interruptible-load tariffs and customer classifications, States, EDCs, and PJM should immediately improve emergency load-shed procedures.

Phased Manual Load-Shed Process

- 1** PJM identifies a reliability emergency requiring load reduction.
- 2** Large C&I customers are called first and given an opportunity to curtail load.
- 3** Additional load-shed actions occur only if necessary
- 4** Residential customers and critical services remain protected and are last resort.

Why This Matters

- ✓ Can be implemented immediately
- ✓ Preserves state authority over retail customers
- ✓ Reduces the need for residential and critical-load interruptions
- ✓ Creates time for States and PJM to develop durable long-term solutions

State Action is Necessary and Unavoidable

Restoring the Regulatory Compact

- Large-load integration requires action from PJM, states, EDCs, and customers
- Initial feedback on the opt-in framework focused on what happens if states do not act - that risk exists under any C&M framework
- PJM cannot establish retail curtailment rules through assumption
- State implementation is a dependency whether acknowledged or not
- PJM's proposal assumes states will take actions that the tariff itself cannot require
- Our proposal explicitly recognizes the respective roles of PJM and the states.

Ignoring the need for state action does not eliminate the dependency, it only obscures it.



Reliability Backstop Mechanism

Reliability Backstop: DCC Position

We Support a Limited, Targeted Backstop

- Bilateral procurement remains the preferred path for securing new capacity
- DCC supported PJM's proposal for an extended bilateral procurement window before any backstop procurement
- We recognize PJM's need to move forward on a September timeline

We Will Not Oppose a September Backstop Auction

- The backstop should supplement – not replace – bilateral procurement

The Backstop Must Remain Limited

- Procurement should be limited to demonstrated capacity shortfall that will not be addressed through bilateral arrangements.

Procurement: Limited to Residual Needs

Procure Only for Load That Will Not Bilateral

- Backstop MWs should be limited to demonstrated reliability shortfalls
- Capacity should not be procured for customers actively *pursuing* bilateral solutions – particularly for load on the 2030+ timeframe
- Avoid duplicative procurement for the same future load
- **The objective is to fill remaining gaps, not substitute for private contracting**

Cost Responsibility Established Up Front

Transparency and Accountability Matter

- Cost responsibility should be determined before procurement commitments are made
- Customers expected to fund procurement should be identified whenever feasible
- States and EDCs should provide notice before acting on behalf of specific customers
- Broad socialization should not replace targeted cost responsibility

**Capacity procurement and cost allocation should be determined together
—not sequentially.**

Meaningful Market Power Mitigation

Mitigation Should Not Depend on Potentially Exercised Market Power

Mean + 2 Standard Deviations is Not a Market Power Screen

- The benchmark is calculated from market offers
- Market offers may already reflect concentrated supply conditions
- Excluding statistical outliers does not establish that remaining offers are competitive
- The benchmark may continue to embed market power
- Consumer protections should be grounded in resource economics
- Consider a cap based on Net CONE (require support for costs $>$ Net CONE)

A statistical filter is not a substitute for economic mitigation

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