



OFFICE OF THE ILLINOIS
ATTORNEY GENERAL

— OPC —
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

JCA Preferred Approach for Reliability Backstop/Connect & Manage

and

Modifications to PJM's May 27 Proposal

Joint Consumer Advocates (JCAs)

June 10, 2026



PENNSYLVANIA OFFICE OF
CONSUMER ADVOCATE

JCAs' Preferred Approach for Reliability Backstop/Connect & Manage

JCA Preferred Approach: Reliability Backstop Procurement (slide 1 of 3)

1. **Demand:** The amount of capacity procured through the centralized RBP should be based on buy bids on behalf of Large Loads/Data Centers.
2. **Supply:** Capacity procured must be new and deliverable. Cleared capacity must be locationally aligned with the zones containing new Large Loads.
3. **Wholesale Cost Assignment:** All the costs of the procurement, including risk of stranded investment, will be paid by the load serving entities who receive obligations from the RBP.
4. **Service Conditions***: A large load customer cannot be added to the system after June 1, 2026, until:
 - a. Its load serving entity has an obligation from an RBP to cover its large load plus a reserve margin; or
 - b. The Data Center load brings sufficient new capacity to meet its load plus a reserve margin; or
 - c. The Data Center load is subject to curtailment before pre-emergency DR consistent with Board's "connect and manage" concept.

JCA Preferred Approach: Reliability Backstop Procurement (slide 2 of 3)

5. **Wholesale Credit/Collateral Assurance:** Adequate credit and collateral requirements for both the load serving entity and the capacity suppliers (subject to pre-screen) will need to be established.
6. **Registry of Large Loads:** PJM will develop and maintain registry to track large loads causing the RBP obligations and to identify when a large load's new supply (either through BYONC bilaterals or RBP obligations) comes online so as to remove the large load from C&M. More broadly, PJM will establish a Large Load Registry to track the physical characteristics of large loads, their ramping and timing, their interconnection service, their curtailment status, etc. to facilitate load forecasting, transmission planning, the RBP, and operations.
7. **Prudent Timing of RBP Procurement:** To maximize the likelihood of the auction's success, its date should be selected after considering the timing of the base residual auctions, incremental auctions, interconnection analysis/decision-making, and other related processes that impact the 2028/2029 delivery year.

*The RBP obligation and the BYONC must be in service at the time the large load customer is interconnected.

Summary of JCA RBP Proposal (slide 3 of 3)

- The JCA continue to recommend reliance on bilateral contracting and direct demand-side participation as a just and reasonable means to ensure that:
 - Data Centers are responsible for determining the quantity and cost of new generation needed to serve their demand.
 - Associated costs, credit obligations, collateral requirements, and stranded-cost risks are not shifted to existing ratepayers.
- The RBP would remain a targeted backstop: procurement would be driven by financially binding commitments from Data Centers or their load serving entities (LSEs), capacity would be new and deliverable, and cost responsibility would remain aligned with cost causation.

JCA Preferred Approach: Connect & Manage

1. **Planning Approach:** C&M is not strictly an operational control. Instead, it is one of three service options for new (i.e., service after June 1, 2026) Large Loads per the Statement of Principles.
 - a. “Curtailed” C&M status applies to Large Loads that do not BYONC or participate in RBP. These large loads should not be included in Reliability Pricing Model (RPM), RBP, and Regional Transmission Expansion Plan (RTEP) planning.
 - b. Operational C&M status applies to Large Loads with planned BYONC and RBP capacity that meets the conditions described for RBP.
2. **Connect and Manage Loads:** Not included in the Reliability Pricing Model (RPM), the RBP, and Regional Transmission Expansion Plan (RTEP) process.
3. **Registry:** PJM will establish a Large Load Registry to track the physical characteristics of large loads, their ramping and timing, their interconnection service, their curtailment status, etc. to facilitate load forecasting, transmission planning, the RBP, and operations.

* The JCAs are reviewing PJM’s latest changes to the C&M proposal

PJM's Proposal (May 27th)

*The comments and recommendations in the following slides should not be read as the withdrawal of the Joint Consumer Advocates' support for direct demand-side participation, which remains the preferred framework for the RBP. Rather, the recommendations are offered to ensure that, if PJM proceeds with a centralized procurement structure, that such a structure includes safeguards necessary to prevent cost shifting to existing ratepayers, preserves accountability for large-load-driven costs, and reduces the risk of under- and over-procurement and stranded costs.

Necessary Modifications to PJM Staff's May 27th Proposal

1. **Connect and Mangle Load:** Loads that do not BYONC or receive an RBP assignment should not be included in PJM planning parameters for the capacity market and transmission planning.
2. **Demand:** In addition to EDCs being permitted to adjust the RBP target to exclude large loads that have verifiable BYONC commitments, States also should be allowed to review and adjust the PJM EDC large load forecast and/or the centralized RBP target based upon acceptable statutory and regulatory requirements.
 - a. For example, the RBP target should be adjusted if the state adopts a rule that requires new large load to BYONC, be a demand response resource, or take curtailable service.
 - b. If new large loads that do not BYONC or are not covered by an RBP procurement join the system, they will be C&M.

Necessary Modifications to PJM Staff's May 27th Proposal

- 3. Stranded RBP Costs:** If a large load does not materialize or shuts down before the end of the RBP term (i.e., stranded RBP costs), the Large Load Contribution (LLC) Obligation Reassignments should be addressed at the wholesale level in the following manner:
- a. Step A:** An LSE can voluntarily transfer the LLC Obligation to another LSE that voluntarily agrees to assume the obligation, so long as there are no violations of applicable state laws and regulations.
 - b. Step B:** If step A does not occur, PJM will re-allocate the stranded wholesale obligation pro-rata RTO-wide to the remaining LSEs that were already assigned RBP obligations, based on their zonal LLC Obligation share.

Necessary Modifications to PJM Staff's May 27th Proposal

4. Market Power Monitoring and Mitigation of the Centralized RBP:

- a. Have the PJM IMM conduct a comprehensive market power analysis of all submitted offers and suppliers that is filed with FERC and available to State Commissions subject to appropriate confidentiality restrictions.
- b. Require all suppliers to stipulate that their offers are competitive and that they agree to be removed from the centralized RBP if their offers are determined to be not competitive.
- c. Mitigate any offers that are not competitive.
- d. Allow for demand bids (i.e., individual demand submit willingness to pay) to avoid having a vertical demand curve, which is highly susceptible to market power.
- e. Implement a centralized RBP overall price cap that is not based upon suppliers' offers and therefore potentially manipulated by suppliers.
- f. Use a single-clearing price so that supply offers can be assessed whether they reflect actual costs or the attempt to exercise market power.

An auction with a vertical demand curve (i.e., no demand bids reflecting individual buyers' willingness to pay), capped at a level based upon suppliers' offers, paying selected suppliers their offers (which obscures evaluation of the competitiveness of offers), and limits suppliers based upon relatively near-term commercial operation dates given supply chain limits will facilitate suppliers' market power.