

DCC Connect & Manage Alternative: State-Led Implementation with Immediate Residential Customer Protection

The Data Center Coalition supports PJM's objective of ensuring that new large loads contribute to maintaining system reliability and that sufficient capacity is developed to support continued economic growth. We agree that reliability must be maintained and that new capacity should accompany significant new load additions. At the same time, implementation frameworks must provide clear customer treatment, align obligations with benefits, and protect existing customers.

DCC's proposal is founded on the principle that large-load integration requires coordination among PJM, states, electric distribution companies (EDCs), and customers. Durable solutions must recognize the respective roles of wholesale and retail regulators while providing certainty regarding reliability obligations, customer protections, and curtailment treatment.

State Opt-In Framework

DCC proposes a State Opt-In model that allows states and EDCs to establish interruptible service classifications and customer treatment rules while PJM continues to administer wholesale reliability requirements. Under this approach:

- States establish interruptible customer classes and associated tariff provisions for large-load customers.
- PJM monitors system conditions and, when reliability conditions warrant, issues a wholesale reliability signal for interruption of interruptible load.
- The PJM signal activates the applicable state interruptible tariff.
- The EDC implements curtailments in accordance with state-established customer classifications, priorities, and protections.
- PJM maintains responsibility for bulk-system reliability, while states retain authority over retail customer classifications and curtailment treatment.
- This approach achieves the desired reliability outcome while preserving the traditional division of state and federal responsibilities and avoiding the jurisdictional concerns associated with PJM directly imposing mandatory curtailment obligations on retail customers.

- The framework also preserves incentives for customers to support the development of new capacity resources.

The proposal acknowledges a practical reality: regardless of the wholesale framework adopted, states and EDCs ultimately determine how customers are treated during emergency conditions. By explicitly incorporating state implementation into the framework, the proposal creates a more transparent and durable path for integrating large-load growth while maintaining reliability.

The state-led approach is also necessary to avoid significant jurisdictional concerns. Any framework that requires PJM to impose mandatory curtailment obligations based on the characteristics of specific retail customers risks blurring the longstanding division between wholesale and retail regulation. By relying on states and EDCs to establish customer classifications, interruptible service arrangements, and curtailment priorities, the proposal preserves the traditional regulatory compact while allowing PJM to maintain reliability through wholesale market signals.

Immediate Reliability Action to Protect Residential Customers

While states develop long-term large-load tariffs and customer classifications, PJM, states, and EDCs should take immediate action to strengthen emergency load-shed procedures and better protect residential customers.

DCC proposes a phased manual load-shed approach under which large commercial and industrial customers are contacted and provided an opportunity to curtail load before residential customers are interrupted during emergency reliability events. States and zones without significant large-load customers available for curtailment would not be expected to participate in the initial phase. Instead, the first phase would focus on areas where large commercial and industrial load reductions can be achieved. Residential customers and critical services would remain a last-resort option after practical large-customer curtailment opportunities within the affected area have been exhausted.

This recommendation is significant because it can be implemented immediately and does not require states to first complete lengthy tariff, rulemaking, or customer-classification proceedings. It provides a practical bridge between today's reliability challenges and the longer-term frameworks currently under development across the PJM region.

The approach offers several benefits:

- Provides immediate protection for residential customers.
- Reduces the likelihood that residential and critical-service customers are interrupted.

- Preserves state authority over retail customer classifications and curtailment priorities.
- Improves reliability outcomes during emergency conditions using existing operational tools and processes.
- Creates time for states, EDCs, customers, and PJM to develop durable long-term solutions without delaying meaningful residential customer protections.

Conclusion

DCC's proposal advances PJM's reliability objectives while providing a practical implementation pathway that aligns responsibilities among PJM, states, EDCs, and customers. The State Opt-In framework recognizes the realities of retail implementation, preserves incentives for new capacity development, and provides greater clarity regarding customer obligations and protections. Combined with immediate actions to better protect residential customers during reliability emergencies, the proposal offers both a near-term and long-term path for maintaining reliability while supporting continued economic growth throughout the PJM region.