



American Municipal Power, Inc. CIFP Comments

PJM Reliability Backstop Procurement and Connect and Manage Proposals

June 23, 2026

AMP appreciates PJM's engagement during this ambitious Critical Issue Fast Path process, along with the opportunity to provide these comments regarding PJM Staff's Reliability Backstop Procurement and Connect and Manage proposals. We look forward to additional productive dialogue with due haste and the objective of getting in place a package that meets core principles, while avoiding any tendency toward spending inordinate resources seeking an elusive perfect solution.

Fundamentally, the Board must facilitate Connect and Manage for new Large Loads that fail to bring with them sufficient new capacity, within the bounds of wholesale jurisdiction. new Large Loads can and should be identified to advance bilateral contracting and application of cost-causation principles. New Large Loads are different than all other loads. In combination, the size and interconnection rate of these loads creates enormous costs to be allocated and the potential for correspondingly outsized stranded costs. These differences justify differential treatment.

PJM's revised Connect and Manage package

PJM's adoption of a registry for Large Loads at the wholesale level will facilitate market activities and will also serve PJM well in real-time operations as Large Loads grow. This is a helpful change.

Other late changes to PJM's Connect and Manage proposal are harmful. Eliminating the immediate wholesale Connect and Manage requirement and replacing it with thirteen state processes of unknown timeliness will severely reduce the incentive for new Large Loads to procure new capacity. PJM's previous proposal, which entailed identifying the quantity of load subject to Connect and Manage, with retail utilities ultimately managing those end-use loads, strikes the appropriate jurisdictional and functional balance.

A predictable Connect and Manage process, in place as early as possible, will maximize the likelihood that new Large Loads bring their own new capacity, in compliance with the principles of the National Energy Dominance Council and the PJM State Governors. Connect and Manage serves as the most powerful force towards that goal.

PJM claims to not be giving up on Connect and Manage, just shifting it to the state level, because under the Federal Power Act states retain authority over retail loads. In support of that position, PJM notes that "[a] number of stakeholders raised issues associated with PJM's jurisdictional authority to implement its proposal" and that "extended litigation over its authority could cloud and potentially delay the needed reforms outlined in PJM's proposal."¹ While avoiding litigation is a laudable goal, PJM's new approach shifts responsibility to the states, which also creates the potential for litigation that could *equally*

¹ PJM Connect and Manage Stage 4 Proposal.

cloud and delay the needed reforms. Trading one set of litigation risks for thirteen sets of litigation risks while adding state-by-state inconsistency is an unwelcome change. Reliance on the "states" is therefore not likely to lead to uniform or immediate results. Punting to the states will bring uncertainty regarding application of Connect and Manage throughout the PJM region, providing little incentive to procure new capacity.

The Federal Power Act is clear that end-use retail load is not subject to federal jurisdiction. But within each state, the structure of the entity responsible for administering that role varies. For most end use customers in the PJM footprint, state public utility commissions govern the utility-to-end-user relationship, and when PJM uses the term "state" it often appears to be a reference to those state commissions. However, rarely do state utility commissions have authority over all end-use load in their states. Most state commissions have little authority over public power, including municipal and cooperative utilities. PJM's approach should recognize the variety of relevant electric retail regulatory authorities (RERRA) in the region and ensure that its model works in all cases.

The PJM Board should reverse course and implement a wholesale Connect and Manage framework, such as that included in staff's prior package, with modifications consistent with the following comments.

Identification and Measurement of Large Loads

Using actual load growth when determining whether a particular large load exists for purposes of Connect and Manage provides large loads with the greatest control over their own destiny, while mitigating the potential for over-procurement by counting only committed loads that are actually online. Load forecasting may be subject to bias and is often wrong. Under the actual load growth approach, load that materializes will receive service.

Further, a common concern expressed by new Large Load representatives is the ability to know whether a particular load would be subject to Connect and Manage. This has been referred to as "identifiability" and is critical for business planning. Promoting identifiability supports new Large Loads engaging in bilateral procurement to bring new capacity to the system. Conversely, loads that are unsure whether Connect and Manage applies have a substantially reduced incentive to procure new capacity.

Initial year eligibility and capacity accreditation

PJM's prior proposal allowed resources to satisfy bring-your-own-new-capacity (BYONC) obligations if the initial year UCAP of the resource matched the load. That is, if a 200 MW load (after accounting for the Forecast Pool Requirement), comes online in 2029 and brings 200 MW UCAP of four-hour Capacity Storage Resources for that year, then the load will have no Connect and Manage responsibility in all future years. This is an untenable position. In the example above, PJM's own modelling indicates that in 2031/2032, that storage resource would be accredited with 143 MW of UCAP. PJM must include some method of accounting for large-scale UCAP degradation in the Connect and Manage model to avoid reliability problems.

Three-year forgiveness

PJM staff's prior package would eliminate Connect and Manage responsibilities if Connect and Manage curtailments were not called for three consecutive years. However, this three-year-forgiveness element could be triggered, for example, by a coincidental three-year streak of mild weather. Because avoiding application of Connect and Manage is the primary incentive for a load to bring its own new capacity, this element significantly weakens the incentive.

Assessment of Capacity Charges

PJM proposes to exempt Connect and Manage load from capacity charges, while simultaneously including all Connect and Manage load as demand for purposes of the Reliability Pricing Model (RPM) Variable Resource Requirement curves. This approach creates artificial demand in RPM auctions that will significantly inflate clearing prices and therefore the capacity charges that every other customer pays, while providing no corresponding benefits to those same customers.

PJM's Reliability Backstop Procurement Package

Procurement quantity determination and identification of loads

A PJM-determined procurement quantity—in the context of Connect and Manage—creates an identification issue for the central procurement. Without clear identification of which loads are intended to receive the benefit of the procurement, and therefore must pay for it, the bilateral market may be impaired. Loads that might otherwise have sought to acquire resources bilaterally can be expected to defer such transactions to avoid potential exposure to duplicative capacity costs.

Cost allocation

PJM's determination of the procurement quantity will also induce unjust cost allocation. PJM has stated that it will use existing Peak Load Contributions (PLC) to allocate backstop capacity procurement costs if the states do not allocate costs via another method. Using PLCs will create a wholesale allocation that is beyond state authority to revise. Moreover, assigning costs using a peanut butter approach through PLCs will assign costs to Load Serving Entities (LSE) without regard to whether the LSE has new Large Loads or the size of any such loads. This would assign Large Load costs to residential and other commercial customers, in direct contravention of cost causation principles, as well as the National Energy Dominance Council and Governors' principles document.