

Public Service Commission of West Virginia

201 Brooks Street, P.O. Box 812
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Charlotte R. Lane
Chairman

June 29, 2026

Via electronic delivery: david.mills@pjm.com

The PJM Board of Managers
c/o David Mills, President
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
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Re: PJM Connect-and-Manage proposal

I. INTRODUCTION

West Virginia is concerned that the latest PJM Connect-and-Manage (C&M) proposal is a step backward that removes PJM from assuming the reliability responsibilities that it is charged with administering. We do not oppose placing the responsibility for curtailing loads to the states, in fact, we believe that is the legally correct responsibility of the states. However, the apparent hands-off PJM proposal that does not appear to identify the appropriate C&M loads for the states to "manage" is an abrogation of PJM's responsibilities. PJM should clearly identify New Large Loads (NLL) that adequately "Bring Your Own New Generation" (BYONG) and those that do not. States should only then be responsible for implementing the "Management" portion of Connect-and-Manage and should be free to do so pursuant to individual state law and policies.

We provide no further comments in that regard except to urge PJM to retrace this giant step backwards and structure a Connect-and-Manage approach that sends the proper signals that are focused on only the correctly identified Connect-and-Manage New Large Loads that did not bring its own generation either directly or functionally.

We do, however, have concerns that PJM has never clearly identified NLL that should be considered as qualifying as BYONG either by directly owning capacity or directly or indirectly providing for new capacity from others. These further comments address the treatment of New Large Loads (NLLs) located within Fixed Resource Requirement (FRR) entities and NLLs served by regulated vertically integrated utilities that develop or procure new generating resources to serve those loads.

PJM should revise its C&M proposal to make it unmistakably clear that these categories of NLLs are not subject to Connect-and-Manage curtailment. Prior proposals specifically addressed FRR loads as being exempt from C&M, but that appears to be missing in the most recent proposal.

Furthermore, while prior proposals referred to “other supply resource arrangements,” they did not expressly state that the NLLs of FRR entities and vertically integrated utilities satisfying the same reliability objective are outside the C&M framework. That should be included in any C&M final proposal regardless of whether it is closer to PJM’s prior proposal or its new (and less reasonable) modified proposal.

II. THE PROPOSAL SHOULD FOCUS ON RELIABILITY, NOT MARKET STRUCTURE

The objective of C&M is straightforward: incremental NLL should be supported by incremental supply. That objective is achieved whenever sufficient new generation is developed to support new load. It should not matter whether the generation is owned by the NLL customer, bilaterally contracted by the NLL customer, owned or contracted by a vertically integrated utility, or owned or committed through an FRR resource plan.

Connect-and-Manage should remain a reliability policy rather than a market-structure policy. It should not favor one ownership model or one state regulatory model over another.

III. FRR ENTITIES SHOULD BE EXPRESSLY EXEMPT

FRR is a Commission-approved resource adequacy option under the PJM Tariff. FRR entities assume direct responsibility for meeting capacity obligations without relying on RPM. Subjecting FRR New Large Loads to Connect-and-Manage provides no incremental reliability benefit and is inconsistent with the rationale underlying the proposal.

PJM should expressly and clearly provide that NLLs located within an FRR entity are not subject to Connect-and-Manage.

IV. NEW GENERATION of VERTICALLY INTEGRATED UTILITIES SHOULD SATISFY BYONG

Where a vertically integrated utility develops or procures new generation specifically to serve a new native-load customer, the utility has accomplished the identical reliability objective as a customer that directly brings its own generation.

The relevant question is whether new supply has been added—not who owns it.

PJM should expressly and clearly recognize utility-developed generation as a qualifying “other supply resource arrangement” equivalent to BYONG and state that such NLLs are not subject to C&M curtailment.

V. LEGAL CONSIDERATIONS

Sections 205 and 206 of the Federal Power Act require jurisdictional rates, terms and conditions to be just, reasonable, and not unduly discriminatory.

Different treatment of two NLLs producing the same reliability outcome solely because they are served under different state regulatory structures or ownership models lacks a reliability basis and risks undue discrimination. Unless PJM can demonstrate a genuine reliability distinction, which we do not believe it can, the tariff should not distinguish between those arrangements.

VI. RESPECT FOR STATE REGULATORY MODELS

FERC Chairman Laura Swett observed at the May 12, 2026 PJM Annual Meeting that PJM encompasses thirteen states and the District of Columbia with fundamentally different regulatory structures, resource portfolios, and politics. She further warned that if PJM cannot accommodate that diversity it risks becoming “too big to function.”

These observations are directly applicable here. West Virginia major utilities are vertically integrated and provide their own generation pursuant to Integrated Resource Plans subject to continuing jurisdiction of the Public Service Commission of West Virginia. Half of our load is served by a vertically integrated, generation-owning FRR utility and half by a vertically integrated, generation-owning RPM utility. This is not an unusual regulatory structure, but it is not the majority structure among PJM States. Nevertheless, PJM’s tariff should clearly accommodate FRR entities and state-regulated vertically integrated RPM utilities rather than implicitly favor one regulatory model over another.

VII. REQUESTED CLARIFICATIONS

PJM should expressly and clearly provide within its Connect-and-Manage rules that:

1. New Large Loads located within FRR entities are exempt from Connect-and-Manage.
2. Utility-developed or utility-procured generation serving a New Large Load qualifies as BYONG or an equivalent qualifying supply arrangement.
3. Such New Large Loads are not subject to Connect-and-Manage curtailment.

VIII. CONCLUSION

These clarifications further the reliability objectives of the proposal, provide regulatory certainty, respect state authority, avoid undue discrimination under the Federal Power Act, and ensure that Connect-and-Manage remains focused on reliability rather than market design.

Sincerely,



Charlotte R. Lane
Chairman