

CIFP - Reliability Backstop Procurement / Connect & Manage

Summarized Poll Results

Disclaimer: While materials are current at the time of publishing, applicable requirements may change. PJM Governing Documents control.

- Poll questions are available [here](#).
- Poll participation
 - Eligible Members Committee (MC) Roster Representatives
- Part 1 – Aggregate Results and Sector Breakdown
- Part 2 – Written Responses Without Company Attribution

Part 1 – Aggregate Results and Sector Breakdown

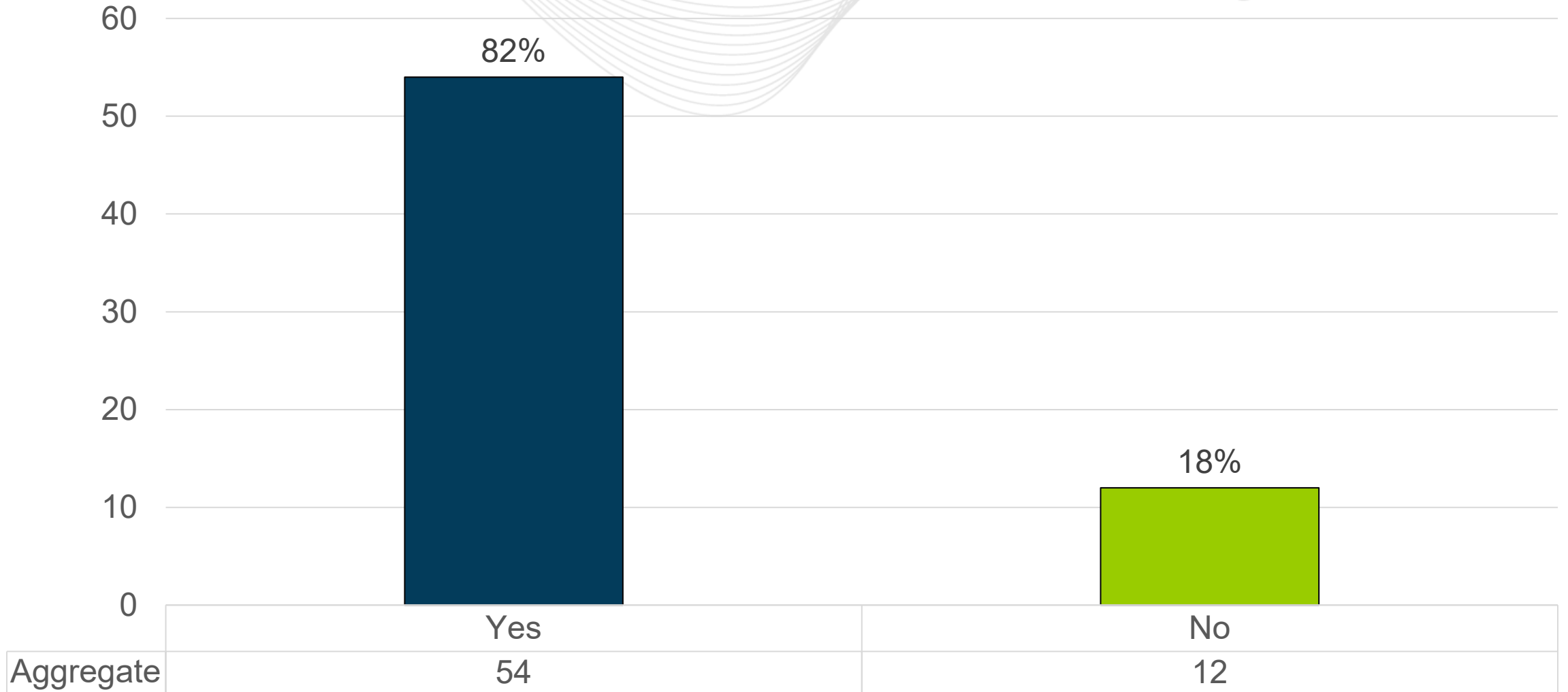
The Governors' / National Energy Dominance Council's [Statement of Principles](#) sets an objective of ensuring that costs of new capacity required to serve new large load should be allocated to data centers. Is a large load registration requirement necessary to ensure compliance with this principle?

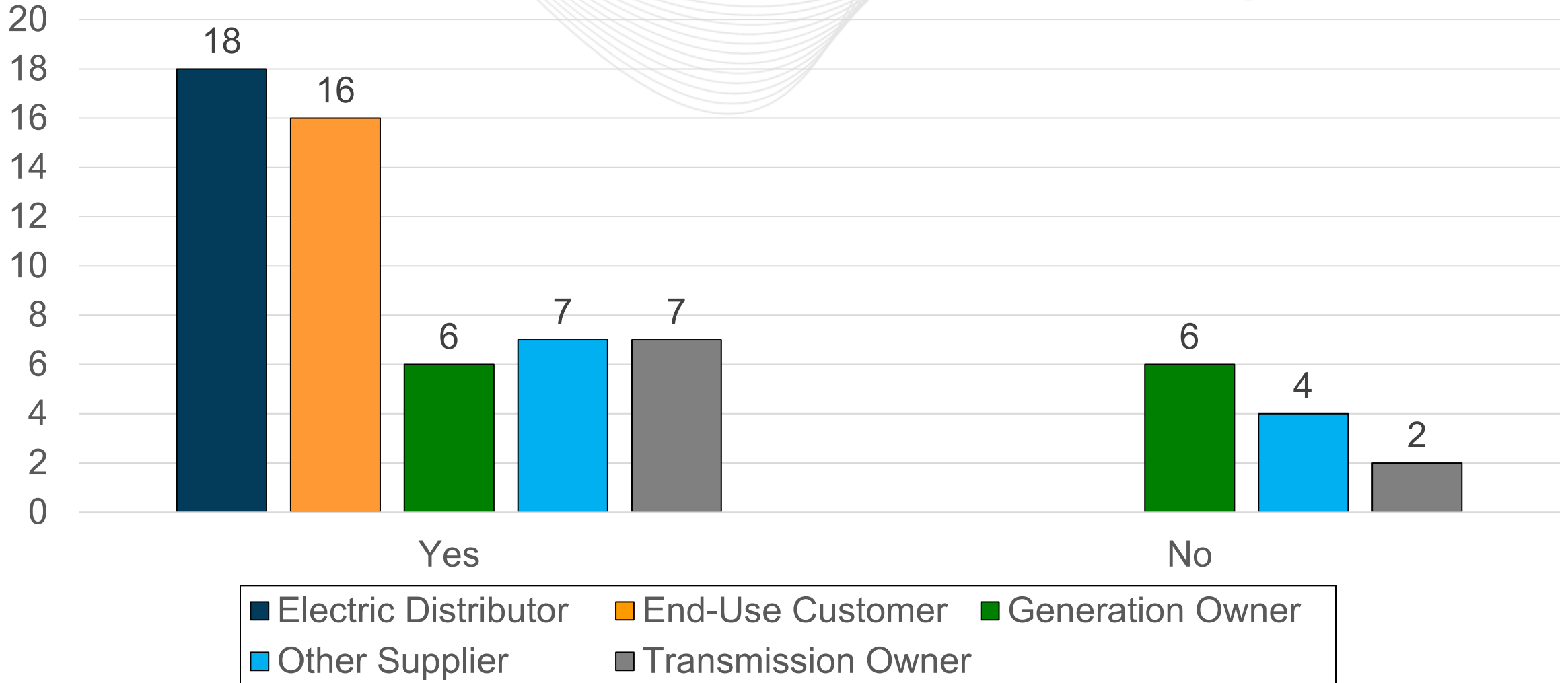
☐ Yes

☐ No

Please provide any additional information you would like to share regarding your response. _____

C&M: Question 1 – Aggregate Results



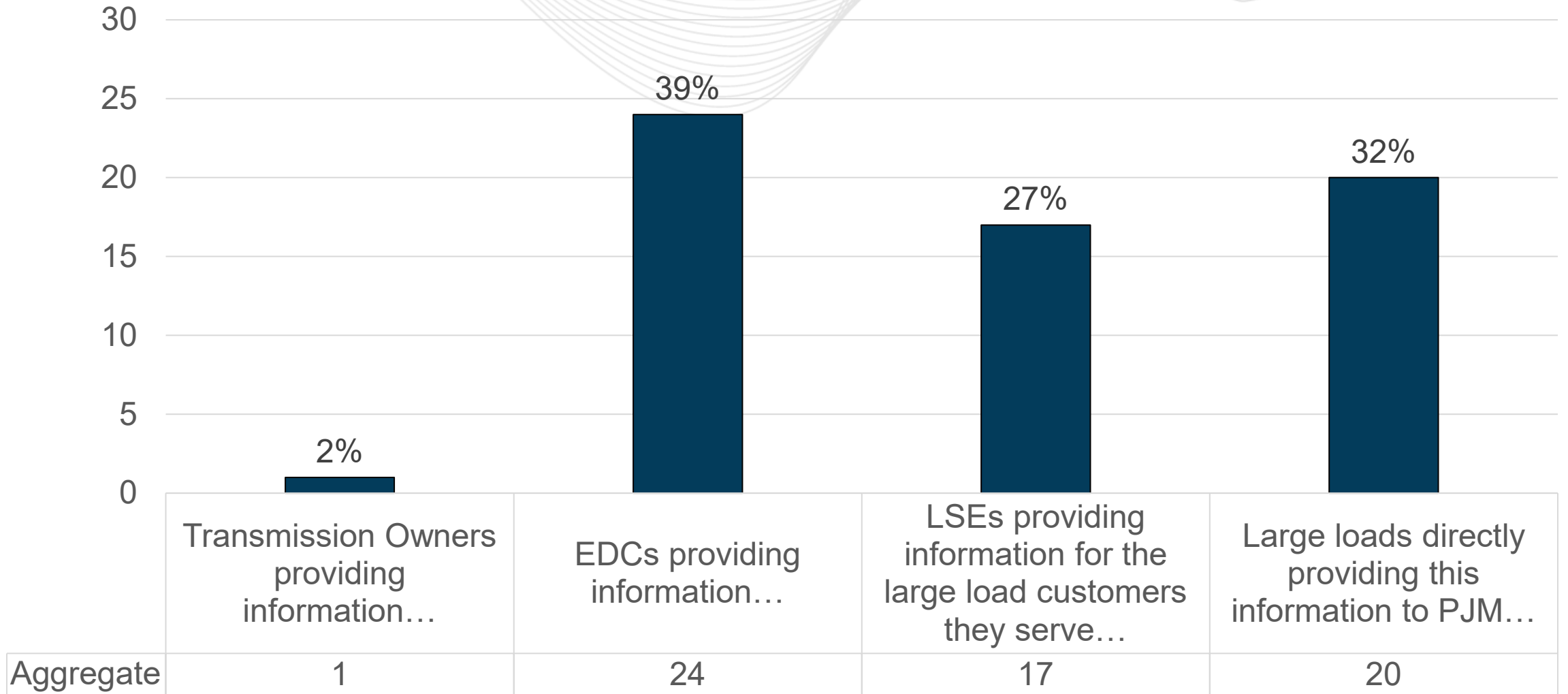


Many parties support a registry for large load. Who should be responsible for populating the registry and what data is key for inclusion?

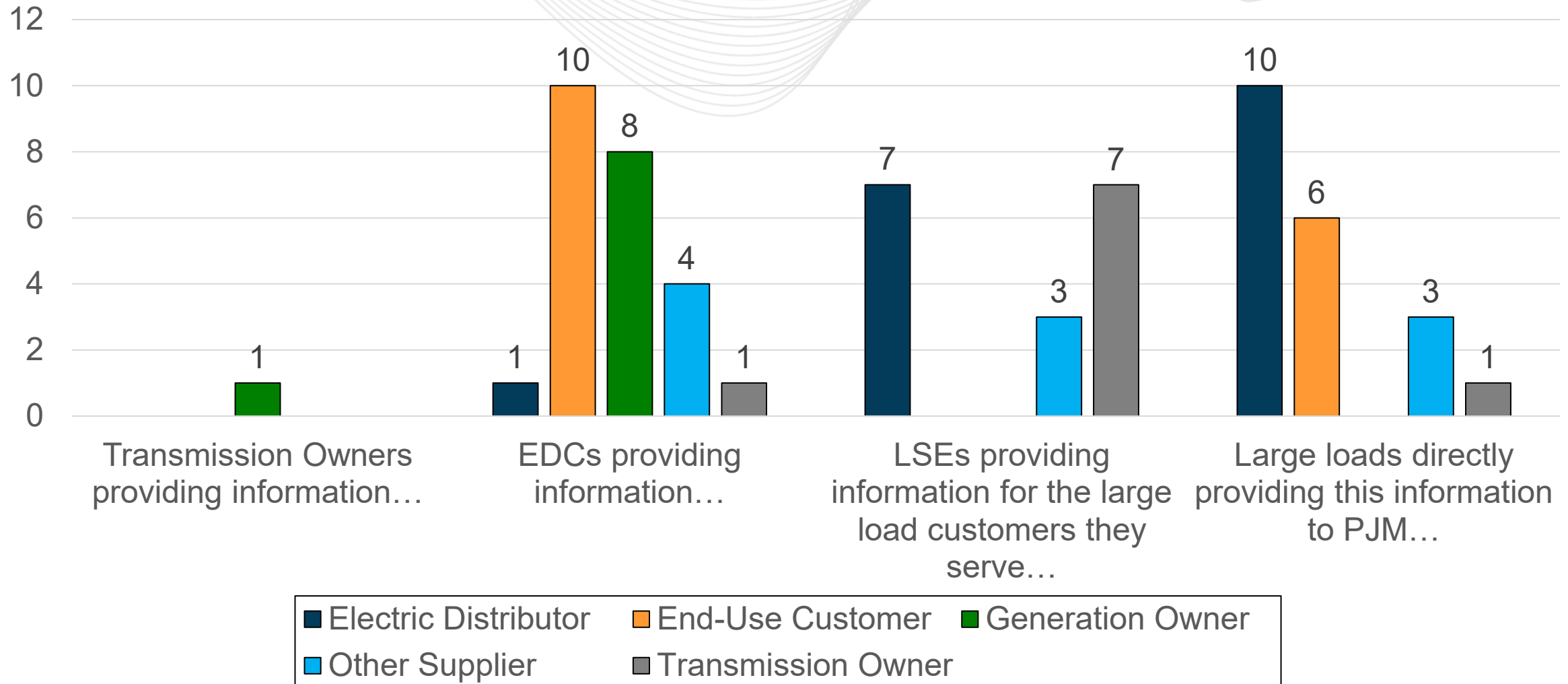
- ☐ Transmission Owners providing information to the registry on: (a) the identity of individual large load's load serving entity (LSE); (b) individual large load planned and studied load levels; (c) relevant ramp rates; and (d) relevant arrangements with qualifying BYONC; or
- ☐ EDCs providing information to the registry on: (a) the identity of individual large load's load serving entity (LSE); (b) individual large load planned and studied load levels; (c) relevant ramp rates; and (d) relevant arrangements with qualifying BYONC resources; or
- ☐ For the large load customers the LSEs serve, LSEs providing information to the registry on (a) individual large load's planned and studied load levels; (b) relevant ramp rates; and (c) relevant arrangements with qualifying BYONC resources; or
- ☐ Large loads directly providing this information to PJM through a requirement to provide this information for purposes of the registry.

Please provide any additional information you would like to share regarding your response. _____

C&M: Question 2 – Aggregate Results



C&M: Question 2 – Sector Breakdown

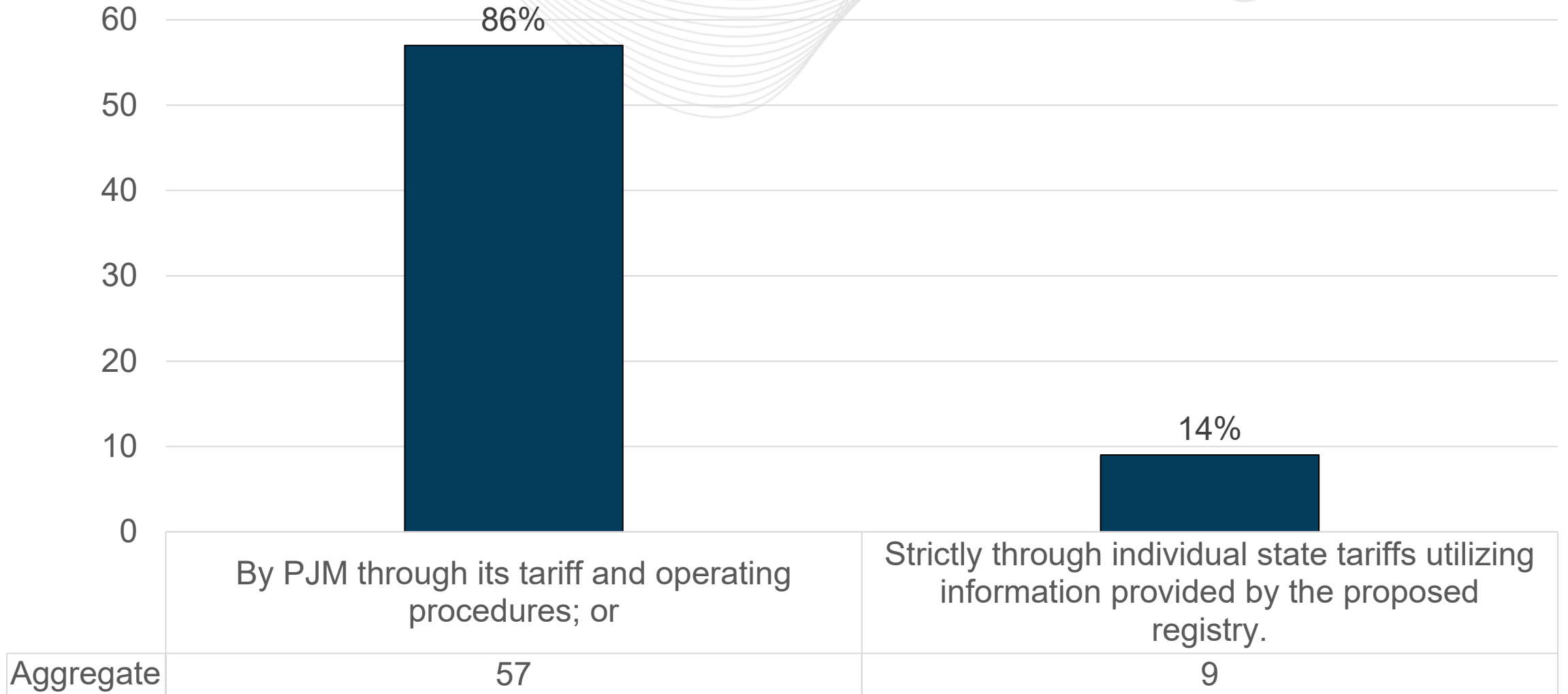


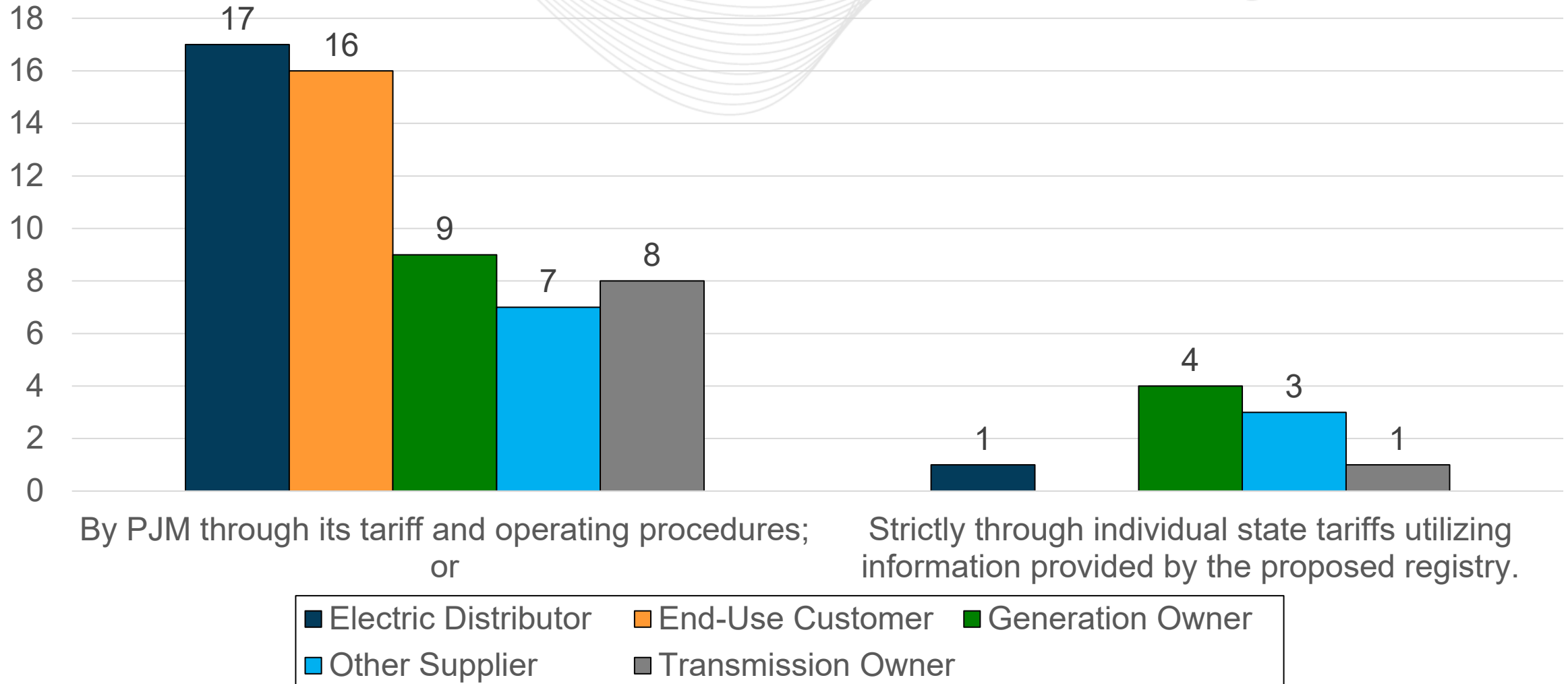
A proposal presented by the Joint EDCs proposed a PJM RTO-wide approach to curtailment directives to wholesale customers (EDCs and LSEs) rather than leaving curtailment details solely to the states. In your view, how should wholesale curtailment priorities to EDCs and LSEs resulting from large load additions be handled?

- ☐ By PJM through its tariff and operating procedures; or
- ☐ Strictly through individual state tariffs utilizing information provided by the proposed registry.

Please provide any additional information you would like to share regarding your response. _____

C&M: Question 3 – Aggregate Results



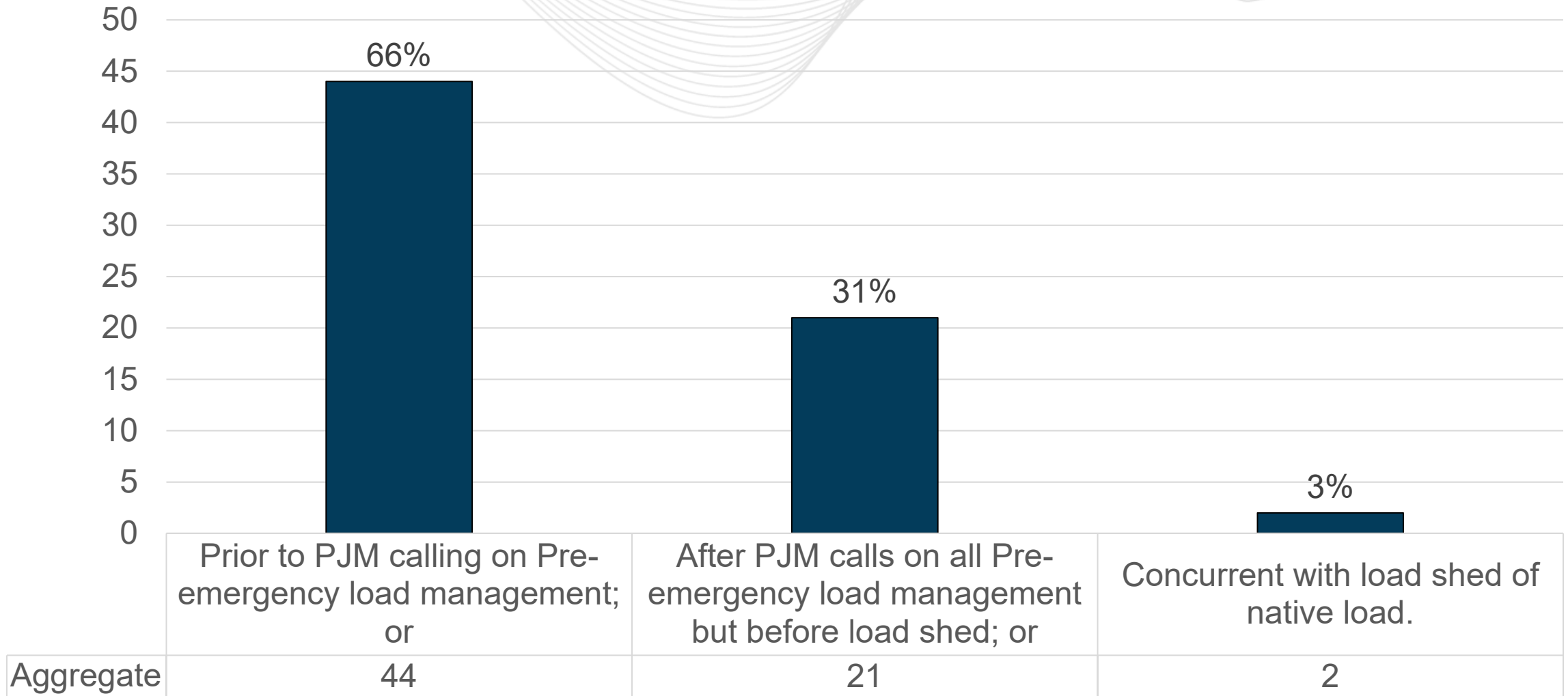


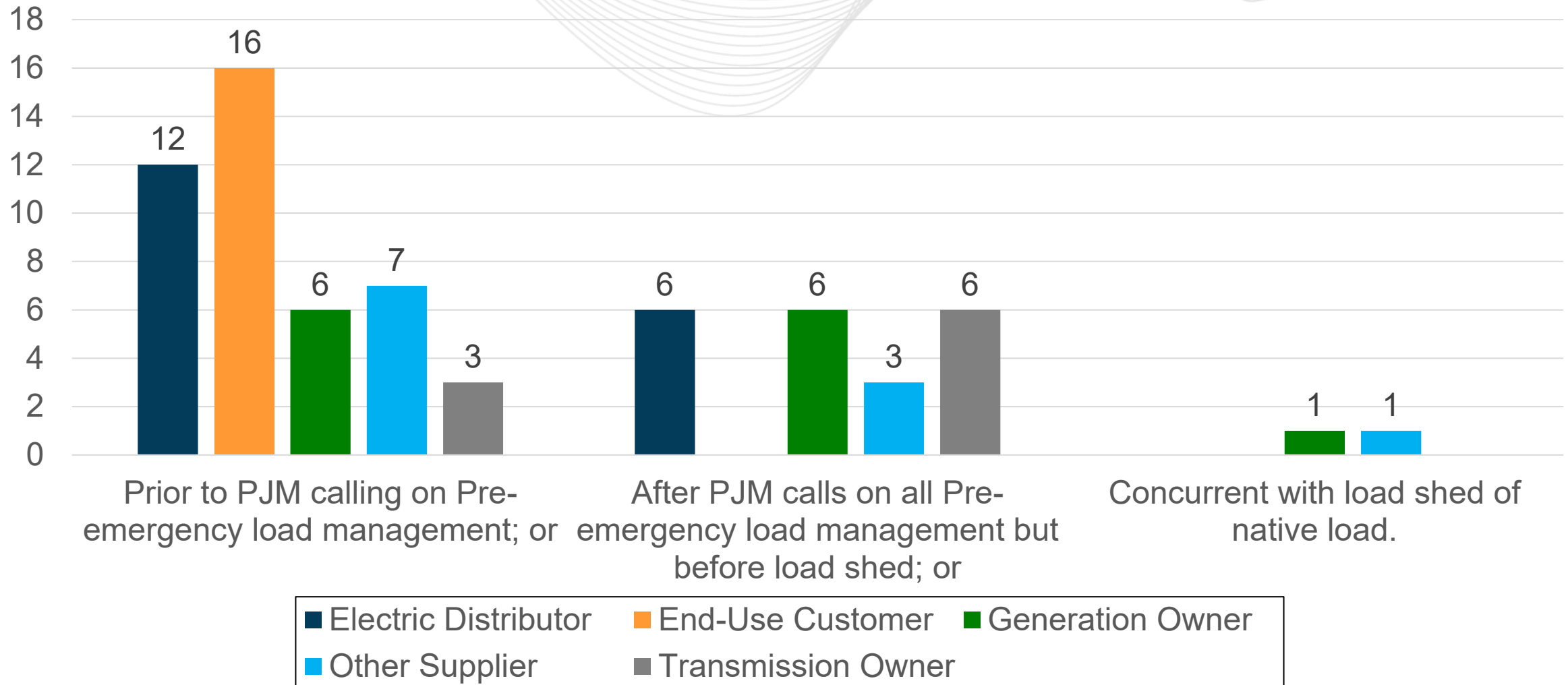
Whether such curtailment directives are handled by PJM or by individual state tariffs, when should large loads that do not BYONC be curtailed?

- ☐ Prior to PJM calling on Pre-emergency load management; or
- ☐ After PJM calls on all Pre-emergency load management but before load shed; or
- ☐ Concurrent with load shed of native load.

Please provide any additional information you would like to share regarding your response. _____

C&M: Question 4 – Aggregate Results





Given the various jurisdictional concerns between wholesale and retail authority that have been raised, what entity do you think is responsible for assigning costs from the Reliability Backstop Procurement to large loads within a state or zone?

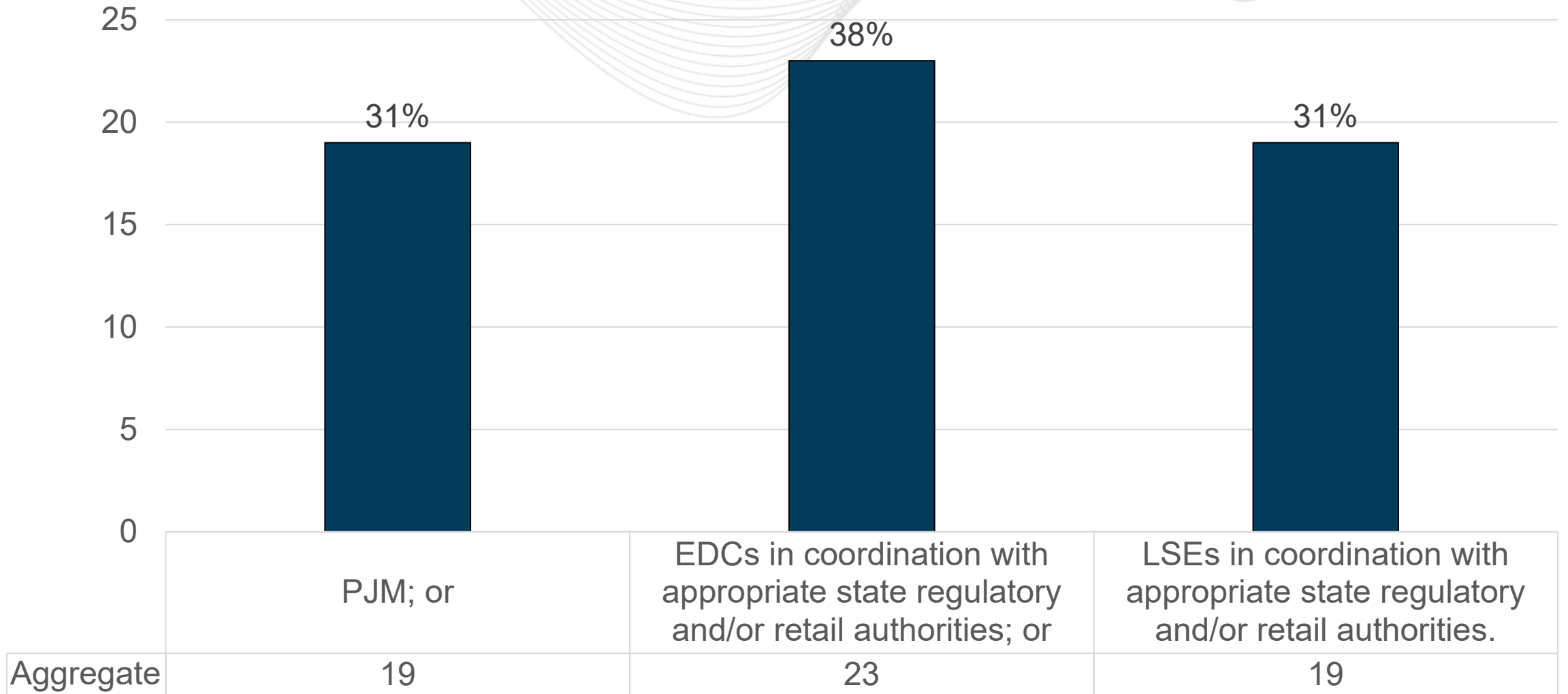
☐ PJM; or

☐ EDCs in coordination with appropriate state regulatory and/or retail authorities; or

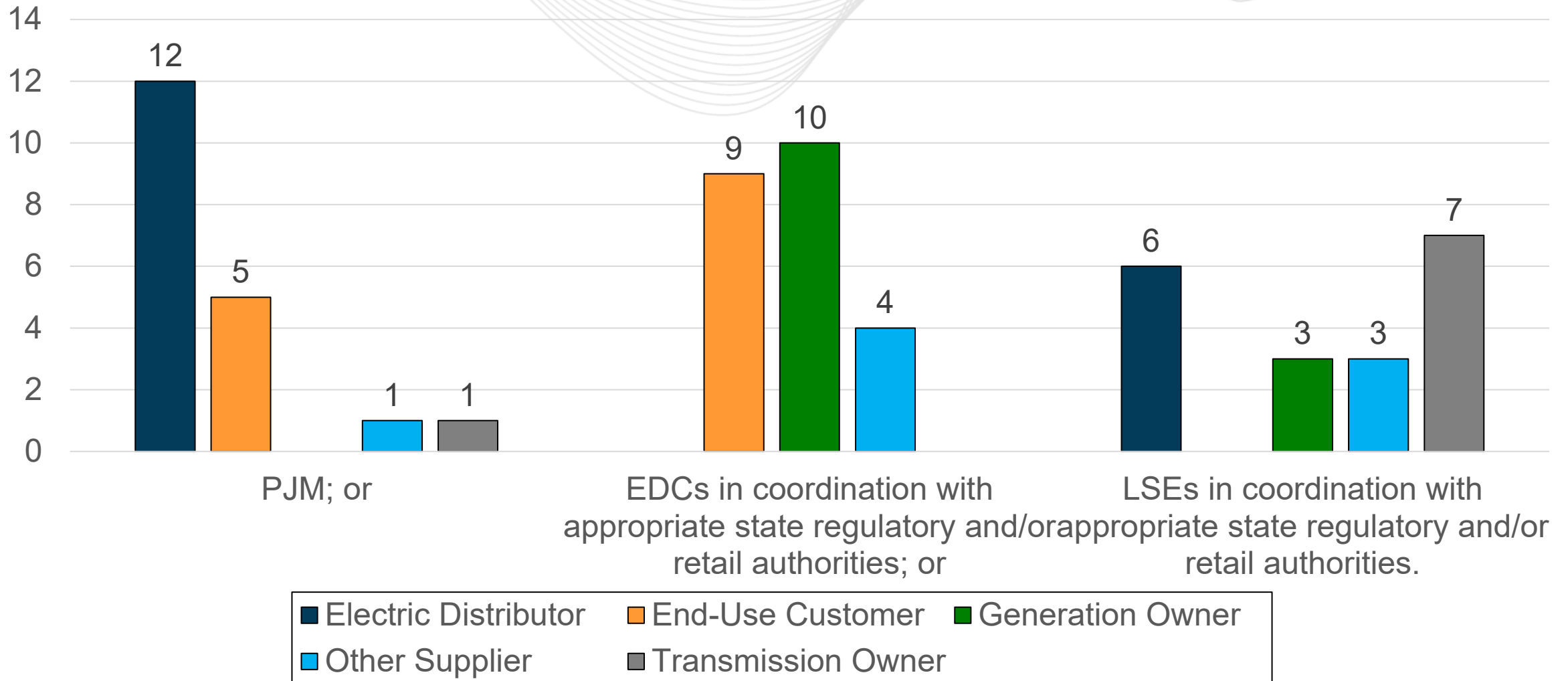
☐ LSEs in coordination with appropriate state regulatory and/or retail authorities.

Please provide any additional information you would like to share regarding your response. _____

RBP – Question 5 – Aggregate Results



RBP – Question 5 – Sector Breakdown

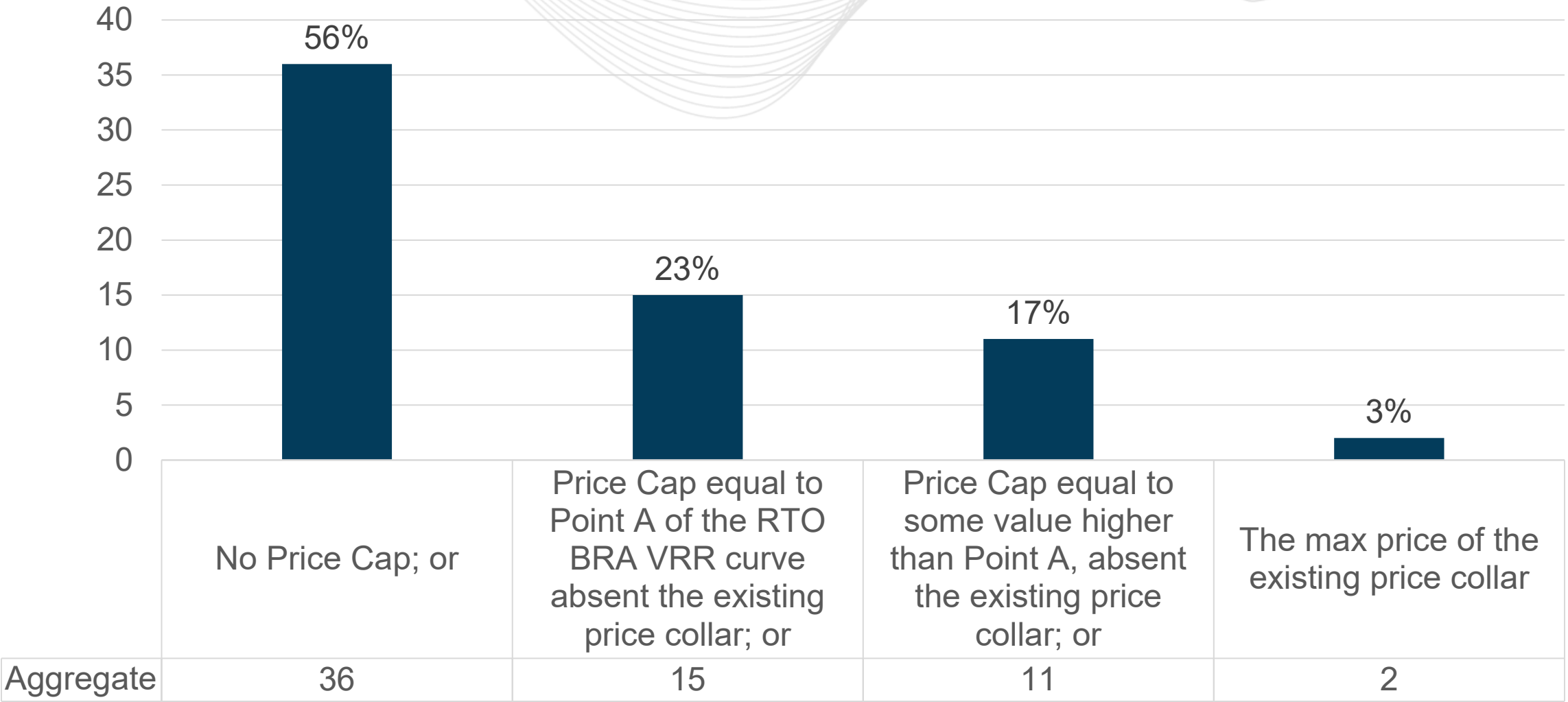


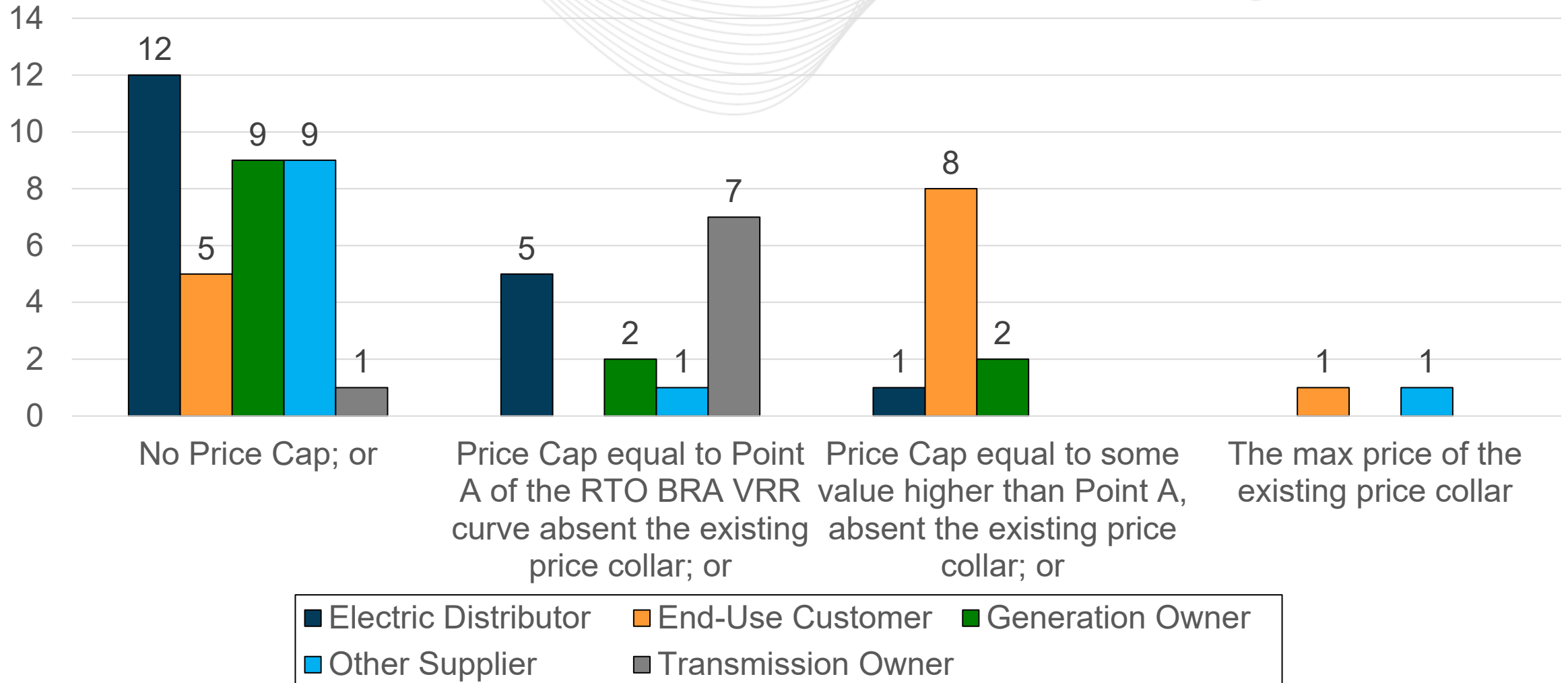
What should be the max willingness to pay (\$/MW-day) in the Reliability Backstop Procurement?

- ☐ No Price Cap; or
- ☐ Price Cap equal to Point A of the RTO BRA VRR curve absent the existing price collar; or
- ☐ Price Cap equal to some value higher than Point A, absent the existing price collar; or
- ☐ The max price of the existing price collar

Please provide any additional information you would like to share regarding your response. _____

RBP – Question 6 – Aggregate Results

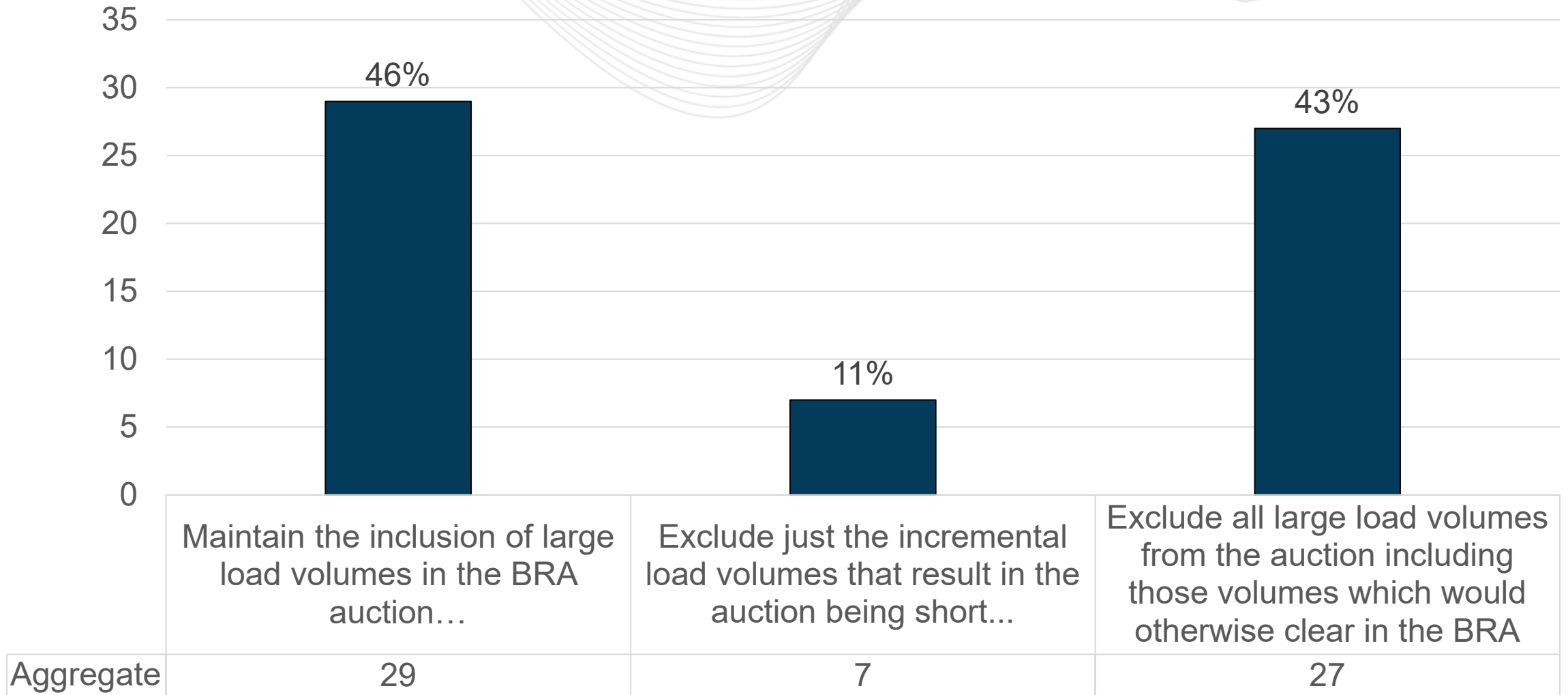


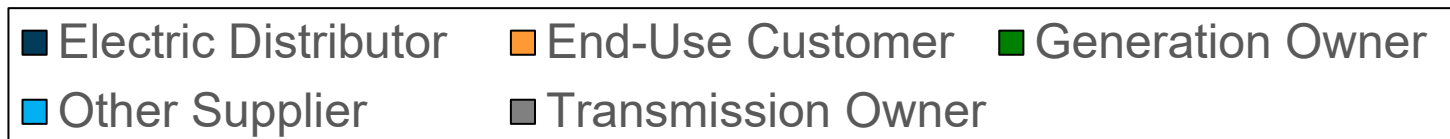
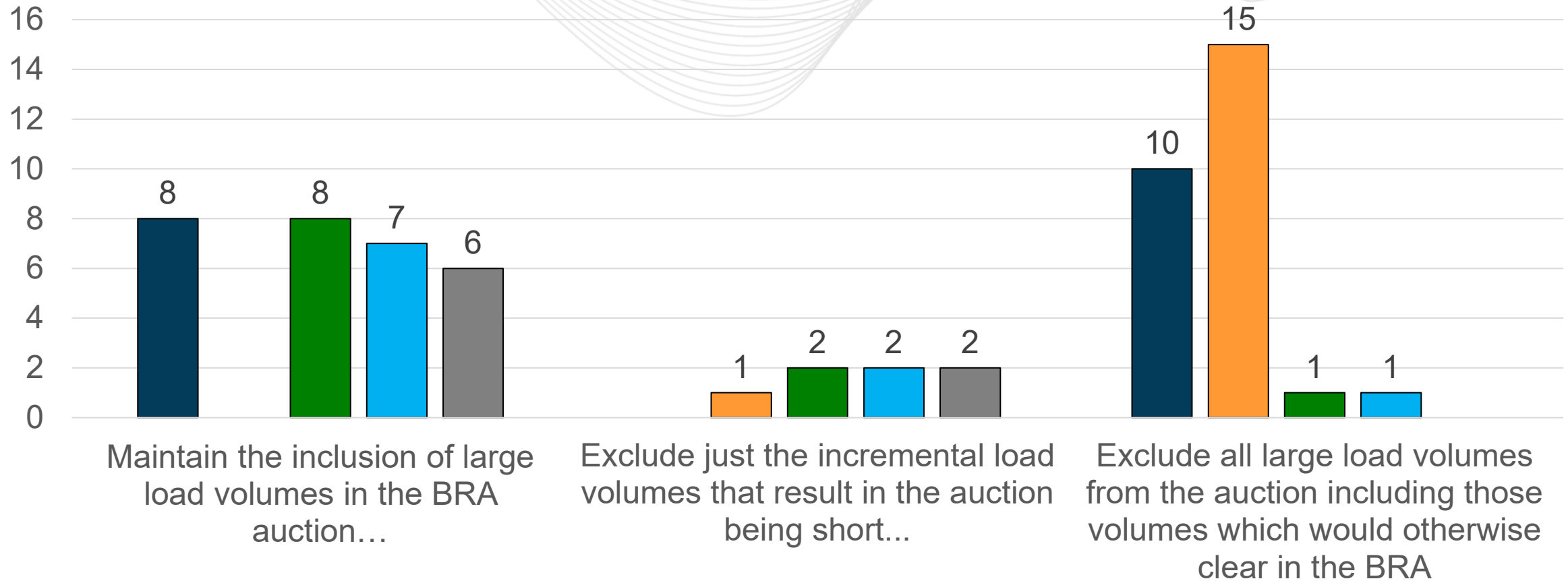


Some of the packages include a component that large load volumes should be included in future BRAs, even if they are potentially subject to Connect and Manage, in order to maintain an appropriate price signal that reflects the overall shortage conditions and avoids further loss of existing supply. Other packages urge exclusion of the large loads from inclusion in future BRAs. What is your view of the appropriate treatment of large loads for purposes of future BRAs?

- ☐ Maintain the inclusion of large load volumes in the BRA auction so as to reflect shortage conditions and allow for retention of existing capacity and address any changes to the status quo through PJM's ongoing holistic review of the capacity market design; or
- ☐ Exclude just the incremental load volumes that result in the auction being short by recalculating the auction results to exclude the incremental load not able to be served with cleared capacity; or
- ☐ Exclude all large load volumes from the auction including those volumes which would otherwise clear in the BRA

Please provide any additional information you would like to share regarding your response. _____

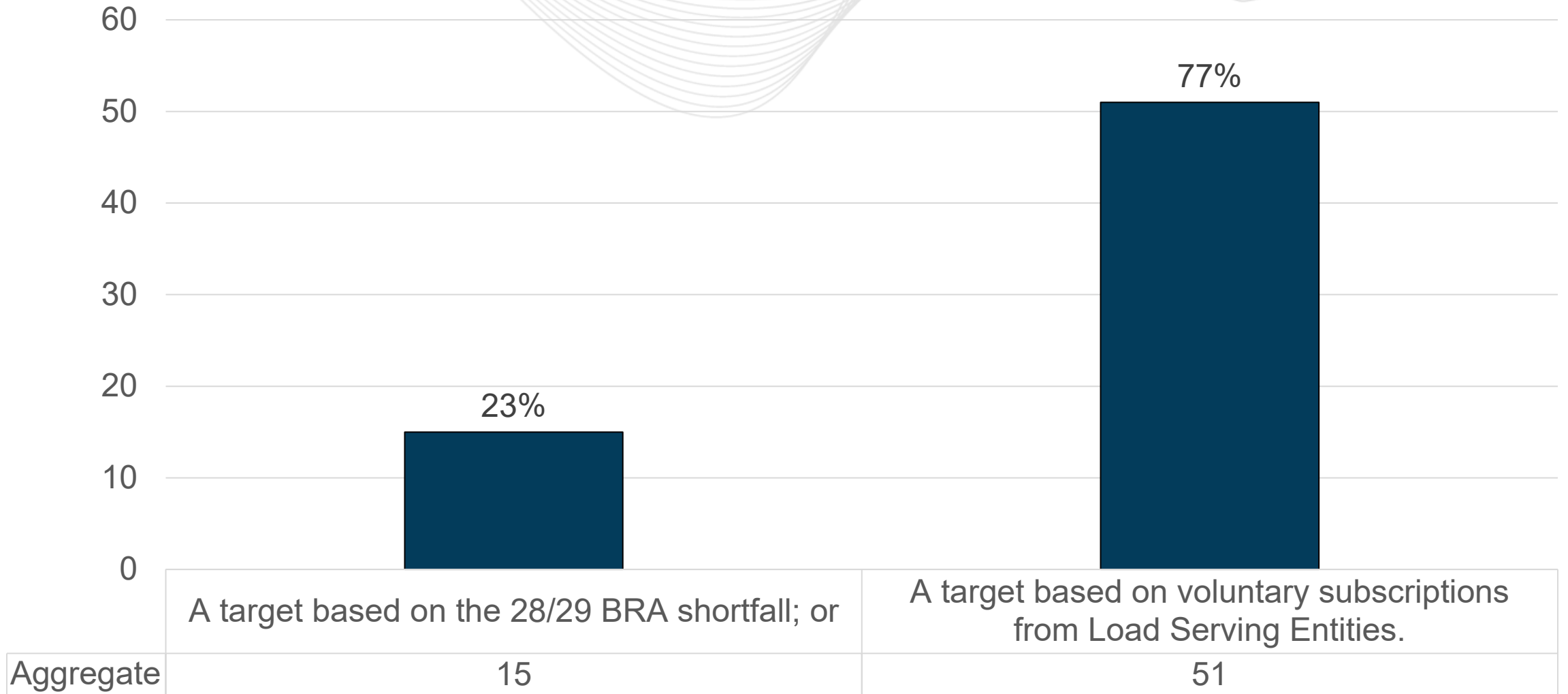


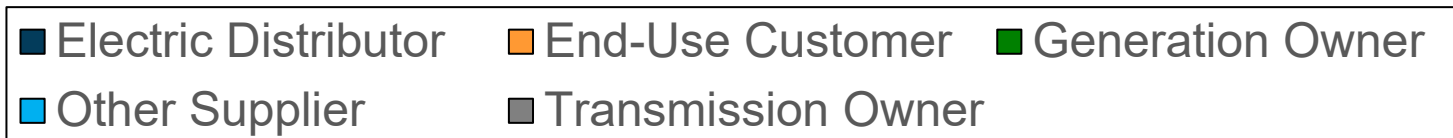
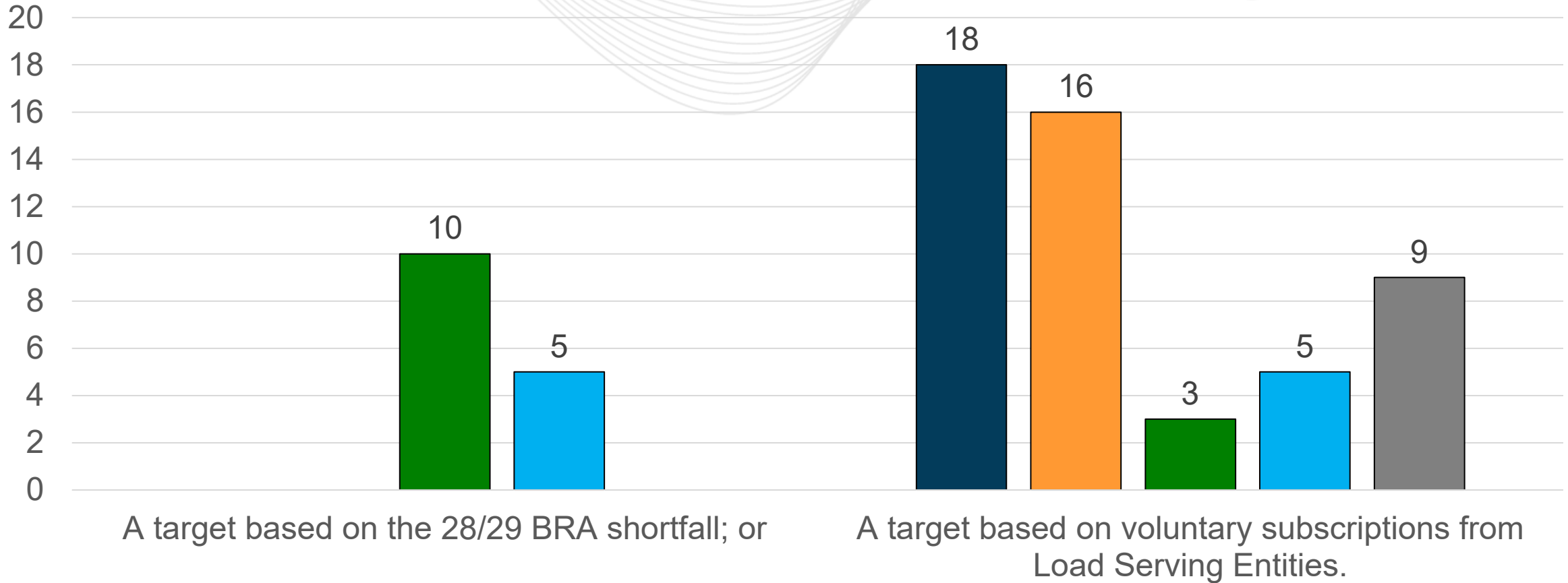


For the RBP procurement target, which option do you prefer?

- ☐ A target based on the 28/29 BRA shortfall; or
- ☐ A target based on voluntary subscriptions from Load Serving Entities.

Please provide any additional information you would like to share regarding your response. _____

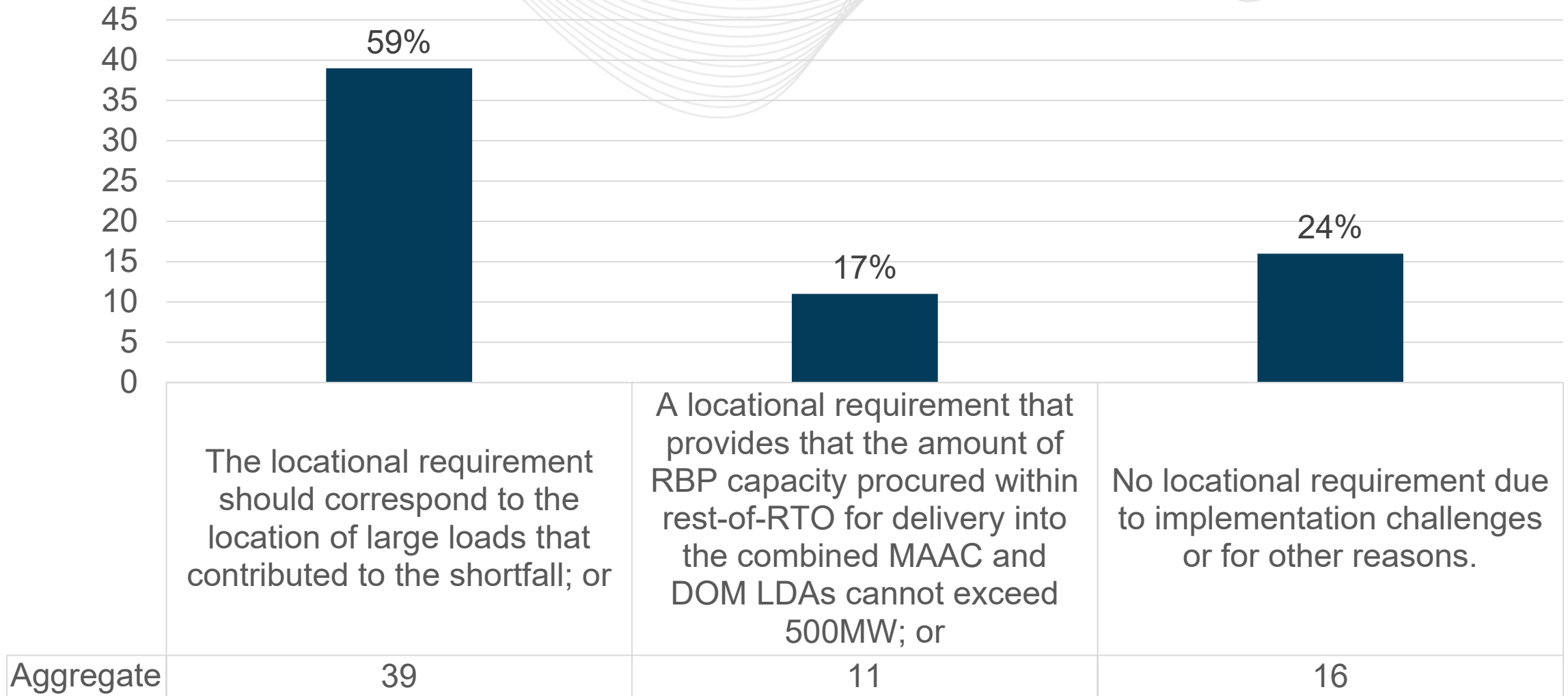


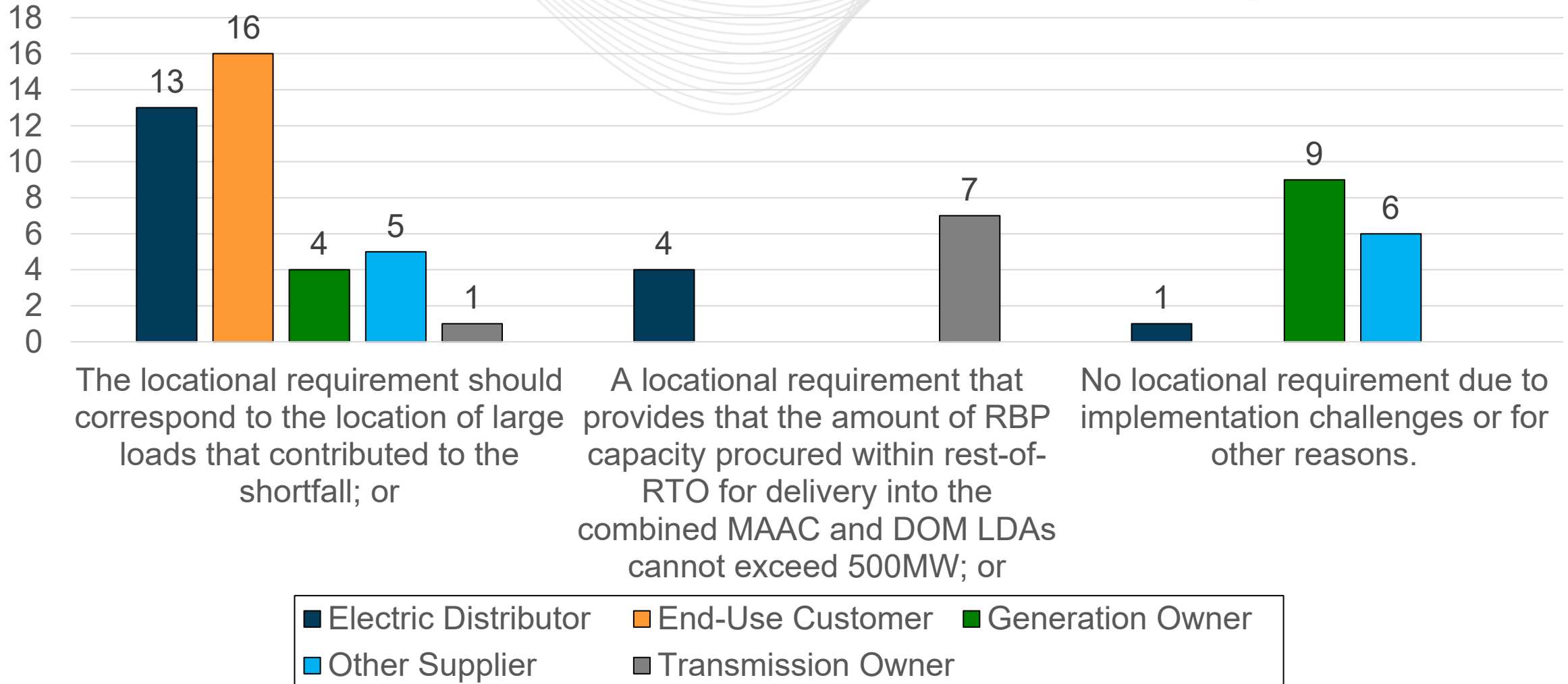


Do you support a locational requirement for clearing a RBP resource?

- ☐ The locational requirement should correspond to the location of large loads that contributed to the shortfall; or
- ☐ A locational requirement that provides that the amount of RBP capacity procured within rest-of-RTO for delivery into the combined MAAC and DOM LDAs cannot exceed 500MW; or
- ☐ No locational requirement due to implementation challenges or for other reasons.

Please provide any additional information you would like to share regarding your response. _____





Part 2 – Written Comments

CIFP – Reliability Backstop Procurement / Connect & Manage [Poll](#) Responses

Question 1 - Connect & Manage - The Governors' / National Energy Dominance Council's Statement of Principles sets an objective of ensuring that costs of new capacity required to serve new large load should be allocated to data centers. Is a large load registration requirement necessary to ensure compliance with this principle?

- ☐ Yes
- ☐ No

Please provide any additional information you would like to share regarding your response.

All load should pay for the incremental capacity they bring through their EDC / Retail Supplier. An ideal solution would not require segregation of large loads as a special case. Load growth from non-large loads is also projected to be significant due to electrification and economic growth.

The problem is market structure, financing challenging, permitting, and PJM rules and procedures limiting new supply, not the nature of the demand or supply. Need more grease, more sand in the gears is not helpful.

At some point, if this principle is to be achieved, "data centers" to which the cost need to be allocated must be identified. This doesn't need to be a "registration" but they need to be identified. The "simplest" way of doing this would be for these loads to be customers of PJM directly so they could have cost directly allocated to them. Avoiding stranded costs if those loads don't materialize to more of a collateral question than a registration one.

Data Center's should be required to tell PJM what their load is, when it's coming, and how they plan to meet it. If that is satisfied by a registry they requires that information, fine. Don't use a middle man, get the information directly.

A registry provides the transparency needed to identify new large loads, their locations, and whether they have secured qualifying BYONC or other reliability arrangements. That information supports more accurate planning and helps ensure that the costs associated with new capacity are appropriately assigned to the large loads creating those needs. See PJM Connect & Manage CIFP Proposal Stage 4.

A large load registry can support rules that require major new energy users to cover all of the costs they create instead of spreading costs across residential and small-business customers.

A registry is one means of satisfy the principle of ensuring that costs of new capacity required to serve new large load (i.e., data centers) should be allocated to data centers. Another method is for PJM to allocate such costs to the new data center's Load Serving Entity or EDC; as with all other load and letting that state-jurisdictional entity allocate the assigned wholesale cost consistent with the principle.

The following response was received 7 times:

A registry is necessary for both the Reliability Backstop Procurement and for the Connect & Manage framework to ensure costs and curtailments are assigned appropriately.

Consistent with the Statement of Principles, a registry will ensure that new Large Load customers (cost causers), through the LSEs that serve them, are appropriately assigned the cost of capacity procured through the Reliability Backstop Procurement (RBP) mechanism. Absent a registry, it is unclear how other end-use consumers could be insulated from these costs. The Joint EDC/Data Center Coalition proposal utilizes a registry to capture the RBP subscriptions, tagging the MWs to be procured to the Large Load LSEs taking on the obligation. The RBP mechanism should be just that, a backstop and to the extent Large Loads are unable to secure their own bilateral contracts or contract to have capacity built for them, they could, through an LSE, subscribe for PJM to secure RBP capacity and, at the time of the procurement, take on the payment and collateral requirements associated with the procurement.

Additionally, it is unclear how, absent a registry, a Connect & Manage framework could be implemented in a way that protects other end-use consumers from being curtailed in response to a PJM Connect & Manage event.

For context on how best a registry could be leveraged for Connect & Manage, the Joint EDCs propose that PJM place an obligation on LSEs who serve new Large Load (as defined in the proposal), to bring their own new verified capacity (as defined in the proposal) or be subject to PJM's Connect & Manage directives. To effectuate this proposal, the LSE serving Large Loads would be required to provide PJM with all information necessary to facilitate curtailment in response to a PJM-initiated Connect & Manage directive when system conditions necessitate such action. To the extent that a Large Load can provide this information directly to PJM, they should be permitted to do so.

A registry is necessary for both the Reliability Backstop Procurement and for the Connect & Manage framework to ensure costs and curtailments are assigned appropriately.

The Statement of Principles does not say that a registry is necessary to allocate costs to data centers. It does set forth a view for how the costs for new capacity should be allocated, ultimately to large loads. Such allocations can and should be managed at the state level--it is not clear that the large load registry is necessary to comply with the Principles.

Yes, it is the transparent way to identify the interconnecting data centers for cost/causation and for accurate load forecasting

We generally support the concept of a large load registry; however, the effectiveness of such a registry depends heavily on its design and implementation. In particular, the content of the registry and how the information is ultimately used are critical considerations. We believe the registry should serve as a repository of information, similar to PJM's proposal, rather than having any prescriptive or regulatory authority. For that reason, we do not believe a large load registry is necessary to achieve NEDC's stated goals.

While a large load registry is needed, it is only part of what is needed to "ensure" that the costs of new capacity required to serve large load will be allocated to data centers. For example, as discussed further in response to survey question seven, data center load that has not BYONC should not be included in the BRAs.

We appreciate PJM's acknowledgment of the jurisdictional boundaries created under the Federal Power Act between federal and state jurisdiction related to any Connect & Manage-type program. We encourage PJM to work collaboratively with the states, including efforts such as those set forth by the Virginia State Corporation Commission and the Data Center Coalition. To the extent that a registry facilitates such regulatory state frameworks, PJM should coordinate registry requirements with the states. However, we do not believe such a registry is necessary to ensure compliance with the Governors'/NEDC's Statement of Principles objective.

In our view, a new large load registry supports the realization of the Statement of Principles because it helps make the emerging/new large loads easily discernible and able to be segregated from existing loads and organic load growth. A registry should be limited to new Large Loads, as the addition of those loads to the system is what triggers reliability and resource adequacy challenges, resulting in new costs that must be allocated. A registry for new large loads is important for both accuracy and accountability. As to the design of a registry, we suggest that the registry be integrated into PJM operations and settlements systems to facilitate both the curtailment of new large loads as well as the identification of costs associated with new capacity required to service the new large loads (along the lines of how PJM's DR Hub application integrates the administration of registration, notification of curtailment directions and settlement aspects across PJM's multiple platforms). We note that proposed federal legislation is focused on computational large loads of more than 100 MW. We note that much customer-specific data is confidential under state law and, as such, any competitively sensitive customer data should be kept confidential and non-public. Adequate protections for customer-specific data are essential and can be accomplished through a combination of CEII treatment, aggregated reporting, or restricted access provisions, as appropriate.

Consistent with the Statement of Principles, a registry is needed to assign RBP capacity costs to new Large Load customers - the cost causers - through their LSEs, while protecting other end-use consumers from those costs. The Joint EDC/Data Center Coalition proposal would use the registry to track RBP subscriptions and assign procured MW obligations, including payment and collateral requirements, to subscribing Large Load LSEs. RBP should be a backstop for Large Loads that cannot secure bilateral capacity or directly contract for new capacity.

A registry is also needed to implement Connect & Manage without curtailing other end-use consumers during a PJM Connect & Manage event.

Under the Joint EDC proposal, LSEs serving new Large Loads would need to bring new verified capacity or be subject to PJM Connect & Manage directives. LSEs that are self-supply and subject to RERRA IRP process would be exempt from Connect and Manage for any portion of new Large Load obligations that could be satisfied with the LSE's portfolio of new Capacity Resources, including new generation capacity uprates. New capacity should include uprates to existing generation. Those LSEs would provide PJM the information necessary to facilitate curtailment when system conditions require it.

A Large Load registry is not required by PJM but it does provide transparency to the market that costs and load reduction orders are allocated to the appropriate EDC or LSE, if state tariffs instruct curtailments to be prioritized to large loads

The establishment of a large load registry could be a helpful tool but is not necessary to ensure data centers are allocated the costs of new capacity. Such registry will require significant coordination at all levels - including PJM, states, EDCs, and individual Large Load customers- which will be time consuming, while the market needs binding commitments now to get new capacity resources built. If desired, the development of the registry should not delay or inhibit the execution of a central procurement for capacity as soon as possible.

a large load registration is needed

The registry has broad stakeholder support and ought to provide the data needed to implement cost allocation and any state-level curtailment programs. It also delivers a secondary benefit of improved load forecast accuracy. The threshold for registry inclusion should be aligned with the load forecasting process -- any large load that an EDC or TO includes in its load forecast should be required to appear on the registry, accepting the cost responsibility that comes with being planned for and thereby demonstrating seriousness. However, registration alone is not sufficient to protect against improper cost allocation. It must be paired with an enforceable mechanism created by state commissions to actually assign RBP and related capacity costs to the retail, large loads driving the need. The registry should also track qualifying BYONC arrangements so that loads bringing their own new capacity are appropriately credited and not double-charged.

A registry is necessary to identify the specific large loads causing incremental reliability needs and to support cost assignment, curtailment priority, BYONC tracking, and protection of non-large-load customers.

A registry best serves assignment of Connect and Manage obligations, which will incent bilateral Bring Your Own New Capacity (BYONC), which in turn will ensure that the cost of new capacity to serve New Large Loads falls on New Large Loads.

PJM having a Large Load registry is the best means of compiling all the information needed to ensure that capacity costs are properly allocated to their respective cost-causers. States cannot design effective large load tariffs if they lack information such as the location of the Large Load or the means by which it procures capacity.

A registration requirement is not necessary, but a public registry will increase transparency concerning where new large loads are being planned and the local EDC that will be responsible for interconnection.

A large load registry (in conjunction with Connect & Manage and the RBP) will enable cost allocation to new large load to be both more achievable and more transparent.

LSEs with responsibility to connect the new large load to the system will put the large load into the reliability backstop procurement only after the large load signs a contract taking responsibility to pay the costs of the procurement and supports that obligation with credit worthy collateral for the term of the procurement. To ensure compliance and transparency, although not required, a registry could be beneficial.

Yes, a large load registration is needed, however, a large load registry is only part of what is needed to ensure that the costs of new capacity required to serve large load will be allocated to data centers.

A registry is a popular solution across stakeholder groups.

Such a registry will help minimize confusion on cost responsibility that might otherwise arise from retail-rate designs developed before this cost-allocation construct was contemplated.

Question 2 - Connect & Manage - Many parties support a registry for large load. Who should be responsible for populating the registry and what data is key for inclusion?

- Transmission Owners providing information to the registry on: (a) the identity of individual large load's load serving entity (LSE); (b) individual large load planned and studied load levels; (c) relevant ramp rates; and (d) relevant arrangements with qualifying BYONC; or
- EDCs providing information to the registry on: (a) the identity of individual large load's load serving entity (LSE); (b) individual large load planned and studied load levels; (c) relevant ramp rates; and (d) relevant arrangements with qualifying BYONC resources; or
- For the large load customers the LSEs serve, LSEs providing information to the registry on (a) individual large load's planned and studied load levels; (b) relevant ramp rates; and (c) relevant arrangements with qualifying BYONC resources; or
- Large loads directly providing this information to PJM through a requirement to provide this information for purposes of the registry.

Please provide any additional information you would like to share regarding your response.

Ultimately the LSE has to contract for capacity on behalf of the load. The LSE should be responsible for determining the amount of capacity needed, and be able to commit to that capacity. Errors in forecast need to be addressed through penalty mechanisms used to fund reserves. PJM should not be projecting loads on behalf of LSE's and EDC's in the capacity market, but may/must do so operationally in sizing reserves.

We do not have a strong preference for who provides the data, but it is critical there are clear rules on who/what/where/when/how the data is provided. If the rules are ambiguous, and if there is no consequence for providing low quality data, then the data provided is unlikely to be of value.

This need to be coordinated by many different potential entities (EDC, TO, LSE, LL). So it probably makes sense to have one entity to have responsibility for this. Therefore, it probably makes sense to have PJM serve in this role.

The utility (whether its a TO or EDC) is always the default LSE so, if the data centers remain loads under state jurisdiction, they would need to be the initial "register" of such loads. The preference should be to pull these loads into FERC jurisdiction so the costs can be managed all within the PJM tariff.

PJM should be the keeper of the registry. It has no business interest and the registry is fundamental for PJM activities.

Put the onus on the data center directly.

EDCs are closest to the interconnection and distribution planning process and should provide planned load levels, ramp rates, LSE identity, and BYONC arrangements. EDCs are subject to regulation; large load consumers are not.

However, self-reported information may be subject to inaccuracies or bias. PJM should verify submitted information in coordination with the applicable large load customers, TOs, and LSEs.

The large load customer should provide the primary data, while the LSE/EDC should validate, supplement, and report information it has access to.

The entity administering the large load interconnection should, initially, have this responsibility. The party to the data center LOA or ESA should report the required data to the registry. In the absence of federal jurisdiction sufficient to compel such provision, then the TO in privity with PJM should bear initial responsibility. Once the data center has identified a load serving entity, then responsibility could be shifted to the LSE; otherwise the default presumption should be that the EDC or TO will be the default provider for the large load.

The following response was received 5 times:

In terms of data included for the registry, the data points listed are appropriate, but PJM should place restrictions on what information from the registry is made publicly available. Specific customer information, including company and precise location should not be made public due to its sensitive nature. For public disclosures, registry information should be provided in aggregate in a way that can inform cost allocation methodologies and other associated provisions (e.g., Connect and Manage).

The LSEs are in the best position to provide information about the Large Loads they will serve each Delivery Year and the capacity portfolio they (or the Large Loads themselves) may have secured to serve them. LSEs have the responsibility to supply capacity to retail customers. Neither EDCs nor TOs are assigned such responsibilities under PJM governing documents and should not be required to be the middle-man for such information. The EDC, however, can serve as a check to validate that a new Large Load is located in the zone indicated by its LSE. To the extent the registry contains information about the status of the electric interconnection, the EDCs could also provide such information. To the extent that a Large Load can provide this information directly to PJM, they should be permitted to do so.

The following response was received 4 times:

The LSEs are in the best position to provide information about the Large Loads they will serve each Delivery Year and the capacity portfolio they (or the Large Loads themselves) may have secured to serve them. LSEs have the responsibility to supply capacity to retail customers. Neither EDCs nor TOs are assigned such responsibilities under PJM governing documents and should not be required to be the middle-man for such information. The EDC, however, can serve as a check to validate that a new Large Load is located in the zone indicated by its LSE. To the extent the registry contains information about the status of the electric interconnection, the EDC's could also provide such information. To the extent that a Large Load can provide this information directly to PJM, they should be permitted to do so.

The LSEs are in the best position to provide information about the Large Loads they will serve each Delivery Year and the capacity portfolio they (or the Large Loads themselves) may have secured to serve them.

We do not take a position on who should be required to populate the registry.

There are roles for all of the above. PJM should be responsible for populating the registry and determining the key data. Both EDCs and LSEs and the large loads have a role to play in providing the most accurate information, but PJM is in the best position to make sure it is aggregated and complete. EDCs are best positioned to know interconnection status, studied load, ramp schedules and service responsibilities and thus should have some reporting responsibilities. LSEs and/or large loads should be responsible for reporting relevant arrangements with qualifying BYONC resources. Additional information that should be included in the registry: any behind-the-meter resources for large loads, whether they are participating in any utility or state programs (e.g. demand response), and expected consumption profiles.

The EDCs have access to all the information and are responsible for connecting the customers to the grid.

Any registry or reporting requirements should apply to the entity with actual knowledge of, and responsibility for, the interconnection request, whether that entity is an Electric Distribution Company (EDC) or a Transmission Owner (TO). Such entities are likely to have access to information regarding the request, including studied load levels, ramp rates, and other relevant technical data. EDCs - and, to the extent applicable, TOs - are generally the entities that submit large load requests to PJM as part of the load forecasting process and, therefore, are likely to have access to the underlying information. This also will ensure consistency in the load forecast, given that only those large loads included in the registry or reporting requirement for purposes of capacity procurement should be included in the load forecast for purposes of transmission planning and construction.

EDCs should be responsible for the registry with the requirements in alignment with state regulatory frameworks.

EDCs have a direct contractual relationship with their retail customers, including those that qualify as new Large Loads. The EDCs have all the relevant information required to populate a registry or should be able to request such information from their customers. Any costs associated with the EDCs maintaining the registry should not be allocated to existing customers but allocated, consistent with the Statement of Principles, to the new Large Loads.

Only EDCs with large load should be allocated any of load associated with C&M, and any of the costs associated with the RBP.

We do not have a strong position on this but believe the LSEs and EDCs should be coordinating to provide information to PJM for the Large Load registry.

The entity with the most reliable and verifiable information should be responsible for reporting. If PJM plans to utilize a registry, a TO or LSE would be closest to the Large Load Customer and in the best position to provide information quickly and accurately.

TOs since they maintain transmission system info in conjunction with EDCs who maintain distribution system info and LSEs who serve load. Data needed to appropriately allocate cost should be included.

PJM should be responsible for populating the registry and determining the key data. Both EDCs, LSEs, and the large loads have a role to play in developing the most accurate registry, but PJM is in the best position to ensure the information all comes together. EDCs are best positioned to know interconnection status, studied load, ramp schedules and service responsibilities and thus should have some reporting responsibilities. LSEs and/or large loads should be responsible for reporting relevant arrangements with qualifying BYONC resources. PJM should maintain the standardized registry to provide accountability and to avoid gaps in system visibility.

EDC responsibility for populating the registry aligns with EDC responsibility for assigning RBP costs (see Question 5). The same accountable, creditworthy entity with a durable territorial franchise both maintains the data and applies the cost consequences, rather than relying on self-reporting by loads with an incentive to over-state. Large load customers should be obligated to furnish the underlying information to their EDC. Registry entries should resemble a generation interconnection request where each load is supported by evidence demonstrating why it merits inclusion in the forecast – site control, permitting status, interconnection/service request position, planned and studied load levels, ramp schedule, LSE arrangement, and any qualifying BYONC resources. This maturity demonstration protects against speculative over-reporting that would inflate forecasts and the procurement target and exposes EDCs and their ratepayers if registered load fails to materialize, and it gives EDCs the information they need to implement curtailment directives.

Both EDCs and LSEs should have reporting responsibilities. EDCs are best positioned to know interconnection status, studied load, ramp schedules, and service arrangements. LSE and/or large-load should be responsible for reporting relevant arrangements with qualifying BYONC resources. PJM should maintain the standardized registry to avoid gaps and inconsistent state-by-state data.

LSEs providing the information is the most direct solution aside from the New Large Loads themselves providing the information. Although practicalities such as efficiency and accuracy indicate that the New Large Loads themselves should populate the registry, requiring instead that LSEs provide the information may work within both restructured states and states with vertically integrated utilities. This approach may avoid incremental litigation risk associated with challenges to requirements that are directed at retail customers and invoke issues of state and federal jurisdiction, regardless of the merits of those challenges.

If New Large Loads themselves ultimately become NERC Registered Entities, PJM could revisit its approach.

LSEs and EDCs can assist in populating the registry by providing information to the Large Load and/or PJM. However, the Large Load should be responsible for ensuring the registry is populated and that the information is accurate.

Since EDCs are the customer of record for large load at every voltage class, they already hold the LSE identity, load levels, ramp rates, and BYONC terms, and as the metering party of record, they also hold the verified actuals for each account. They persist when the LSE changes, and they are uniquely accountable for the accuracy and reporting of this data on both fronts that matter, answering directly to PJM through membership and RAA load obligations and to state commissions through deep distribution jurisdiction. That said, we would also support LSEs providing this information.

Provided that in states that permit retail choice the LSE that serves the load is responsible to update the registry when and as it obtains the load.

PJM should be responsible for populating the registry and determining the key data. Both EDCs and LSEs and the large loads have a role to play in developing the most accurate registry, but PJM is in the best position to make sure it all comes together.

A variety of options could work.

Due to the potential for confidentiality agreements that may exist complicating the ability for any entity other than the large load itself to provide this information, it works best as the responsibility of the large loads themselves. The large loads should ensure the relevant values being reported to PJM align with those reported to the relevant LSEs.

Question 3 - Connect & Manage - A proposal presented by the Joint EDCs proposed a PJM RTO-wide approach to curtailment directives to wholesale customers (EDCs and LSEs) rather than leaving curtailment details solely to the states. In your view, how should wholesale curtailment priorities to EDCs and LSEs resulting from large load additions be handled?

- By PJM through its tariff and operating procedures; or
- Strictly through individual state tariffs utilizing information provided by the proposed registry.

Please provide any additional information you would like to share regarding your response.

PJM should manage the demand response programs equitably for large and small loads. Demand programs are the bastard step-child in PJM with cumbersome limits, nonsensical M&V, and limited dispatch ability. Large loads should stimulate new thinking in how DR is implemented, and not be yet another special case.

The polling during the MC clearly shows the as a minority position, but it is one aligned with the political stake-holders and is an essential component in adopting the fastest deployable capacity into PJM.... batteries, residential batteries, and behind the meter generation.

Same as previous answers. If these loads are within FERC's jurisdiction, PJM's governing documents should hold the procedures. If they remain as is jurisdictionally, it must be done by the utilities, with PJM determining the time of need for such curtailment but the utilities controlling the direct implementation with the customer.

by PJM through its tariff and operating procedures consistent with state tariffs.

We are required to follow state law.

The question asks how wholesale - not retail- curtailment priorities should be established. As such, it does not address customer-specific curtailment.

Wholesale curtailment directives affecting EDCs and LSEs (i.e., territory- or zone-level reductions) should be established through PJM's tariff and operating procedures to ensure the consistent and reliable operation of the bulk electric system. However, implementation of those directives through customer-specific curtailments should be implemented through state-established retail tariffs and priorities informed by the large-load registry.

Grid reliability is regional, not state-by-state. PJM operates the bulk power system across multiple states. A large load curtailment decision can affect transmission flows, generation dispatch, and reliability conditions across the entire PJM footprint, not just the state where the customer is located. PJM has the operational data and system view. If each state independently collected or governed curtailment details, the rules could be markedly different and impact system-wide reliability protocols. The states should retain authority over retail tariff implementation, not operations.

PJM does not appear to have authority to direct retail load shedding.

The following response was received 8 times:

The administration of wholesale obligations should always be placed on wholesale market participants. Consequently, PJM should place the obligation on LSEs to demonstrate that new capacity is being brought to serve new Large Loads or those Loads should be subject to Connect & Manage (as proposed by the Joint EDCs). This obligation would appropriately live in the PJM Reliability Assurance Agreement.

From a practical perspective, the Joint EDC proposal largely adopts how PJM communicates load curtailments to address operational reliability issues today, with an additional step of assigning curtailment MW obligations to LSEs based on the Large Load end-use consumers they serve per the registry. This will help ensure that the "right" Large Load customers have demand curtailed during a Connect and Manage event.

Ultimately, EDCs will need to effectuate PJM load curtailment directives, consistent with RERRA requirements. It is expected that the RERRAs will make adjustments as necessary to accommodate the PJM Connect & Manage paradigm but clarity around the Large Loads and associated MW that are subject to curtailment, will assist and facilitate RERRA action.

Consistent with the Statement of Principles, and many state policy preferences (expressed in writing and orally throughout the PJM RBP/C&M CIPF process), the assignment of curtailment MW associated with new Large Loads to the LSEs serving them will ensure that other loads, including residential load, are not curtailed in advance of new Large Loads when the system is constrained.

The administration of wholesale obligations should always be placed on the wholesale market participants. Consequently, PJM should place the obligation on LSEs to demonstrate that new capacity is being brought to serve new Large Loads or those Loads should be subject to Connect & Manage (as proposed by the Joint EDCs). This obligation would appropriately live in the PJM Reliability Assurance Agreement.

Utilizing PJM's tariff and operating procedures would provide more transparency and effective for wholesale curtailment in EEA3 than individually at a state level. The states themselves may decide which large loads lie in special curtailment buckets and coordinate with EDCs and PJM to implement procedures.

A PJM RTO-wide approach to curtailment is preferred. However, the PJM Board should pursue the path that is the most legally durable and implementable.

By design, PJM must first allocate load shed responsibilities to the transmission owner and/or electric distribution customer. As it seeks to resolve a resource shortfall, PJM should allocate load shed to zones that are deficient generation, recognizing transmission constraints. Once load shed obligations have been allocated to wholesale entities, allocation to end-use customers should be left to the states. PJM does not have authority to curtail specific retail customers; that authority lies exclusively with the states.

Long-term, PJM should consider developing the ability to curtail LSEs that are short capacity. Those LSEs can curtail individual large loads consistent with applicable state law.

Curtailment must be operationally enforceable across the RTO. States retain authority over retail tariff implementation, but PJM must establish wholesale rules so non-firm large loads can be curtailed before residential customers are put at risk.

By the PJM tariff, a pool wide tariff provides uniformity across the region instead of a non-uniform individual statewide approach. A uniform approach helps with bilateral contracting.

State-level tariffs that provide clear guidance for developers and safeguards for consumers will deliver the certainty needed to help the PJM region navigate the region's resource adequacy challenge. The model tariff language being developed by the Virginia State Corporation Commission represents an important opportunity to develop applicable and appropriate language. Additionally, addressing curtailment rules through state tariffs, rather than PJM, avoids significant litigation risk around PJM's jurisdictional authority. Assertions of PJM's authority over retail curtailment rules intrudes on state jurisdictional boundaries by targeting and seeking to regulate retail activities that are within states' exclusive sphere - namely, the conditions under which a particular retail load may receive firm retail service. It is for this reason that PJM correctly revised its connect and manage proposal so that it now offers PJM an important role in providing information on large loads on the system without inappropriately directing state retail policy. It will be more productive in the long-run for stakeholders to focus their limited time and other resources on developing state tariffs (consistent with the VASCC's proposed path).

Curtailment must be operationally enforceable across the RTO. States should retain authority over retail tariff implementation, but PJM must establish wholesale rules so non-firm large loads can be curtailed be residential customers are put at risk.

Wholesale curtailments are best directed by PJM, which has visibility into the region's operational needs. A state-by-state approach may not align with operational needs during periods of energy shortage. PJM's DR Hub and DR registration process may be an efficient model to use to support PJM's efforts to target wholesale curtailments (much like PJM targets and identifies Load Management curtailments). We strongly recommend that clear rules be developed as to the conditions under which PJM can undertake wholesale curtailments.

Wholesale obligations should rest with wholesale market participants. PJM should require LSEs serving new Large Loads to demonstrate that new capacity is being brought to serve those loads or make those loads subject to Connect & Manage as proposed by the Joint EDCs. This obligation should reside in the PJM Reliability Assurance Agreement. The Joint EDC proposal assigns curtailment MW obligations to LSEs based on the new Large Load customers they serve that do not have capacity arrangements, helping ensure the appropriate customers are curtailed during a Connect & Manage event.

EDCs would implement PJM curtailment directives consistent with RERRA requirements. Clear identification of the Large Loads and associated MW subject [E62.1]to curtailment will support any necessary RERRA adjustments.

Assigning curtailment MW for new Large Loads to their LSEs is consistent with the Statement of Principles and state policy preferences, and helps ensure other loads, including residential customers, are not curtailed first when the system is constrained.

Curtailment directives should be handled by State tariffs that put the responsibility in the control of the TO/EDC's.

PJM has the ability to execute orders for firm load shed to protect the grid. In advance of that, PJM should coordinate with the states in executing pre-emptive load reductions and could be executed on a regional, not necessarily system-wide basis. PJM in conjunction with TOs should ensure that non-large load customers or customers that are sufficiently supplied with capacity are not impacted and ensure that non-PAI DR is not dispatched in advance of this curtailment.

Curtailment must be operationally enforceable across PJM. States should retain authority over retail tariff implementation, but PJM must establish wholesale rules so non-firm large loads can be curtailed before residential customers are put at risk.

This question conflates two distinct functions that should be answered separately. The quantity, timing, and zonal assignment of wholesale curtailment is necessarily PJM's responsibility as the reliability coordinator and cannot be left to state tariffs - PJM must be able to direct a megawatt quantity of C&M load reduction, by zone, through its tariff and operating procedures. The determination of which retail customers are curtailed to satisfy that directive is appropriately a state and EDC function. In short, PJM issues the wholesale curtailment directive to the affected EDCs, and each EDC implements it in coordination with its state commission, balancing the PJM directive against the ratepayer protection pledge or other relevant state priorities. Region-wide consistency at the wholesale level preserves a uniform incentive for large loads to secure new supply, and avoids a patchwork of state programs with varying stringency and timelines that would shift load-shed risk onto customers in states without large loads - while states retain full authority over the retail "who." Interruptible wholesale service directed to wholesale customers is squarely within FERC jurisdictional design.

Curtailment must be operationally enforceable across the RTO. States should retain authority over retail tariff implementation, but PJM must establish wholesale rules so non-firm large load can be curtailed before ordinary customers are put at risk. Requirements to comply should be addressed through each PJM participant's RAA.

1) "Solely to the states" is an oversimplification: "States" have authority over sales for end-use under the Federal Power Act, including the terms and conditions of end-use service. How individual states self-organize to manage that responsibility varies substantially. States and state commissions are not synonymous, and retail regulation of municipal utilities is generally outside of state commission authority. PJM should recognize that all Relevant Electric Retail Regulatory Authorities (RERRAs) must be involved in setting curtailment priorities, but they should not be the only entity involved in sending a Connect and Manage load drop signal.

2) Jurisdictional Balance: Determining a load drop quantity and providing that quantity to a TO or EDC is fundamentally consistent with the Manual Load Dump procedures that are currently in place under PJM's Manual 13. The relevant question is whether the information used to determine the quantity may reflect data pertaining to an end use load. Jurisdictional risk with sending a signal based on load features should be low, so long as the RERRA is ultimately responsible for establishing the curtailment priority between particular end-use loads.

3) Defection Risk: PJM must adopt a Connect and Manage load drop signal that facilitates a regionwide uniformly-timed response under PJM Emergency Procedures. PJM's original proposal satisfied this necessity, but PJM's latest proposal does not. Retail entities should not be able to opt out of or deviate from this uniformly timed signal. Uniformity is necessary to avoid creating a risk of defection among utilities and their regulators. Under PJM's stage 4 proposal, a RERRA may choose not to require that its jurisdictional utilities participate in pre-emergency Connect and Manage, resulting in a preference for that RERRA's own load. This could cause a Manual Load Dump action to be eventually triggered, requiring curtailments in other retail jurisdictions in the same Control Zone, even though those areas may not have unmatched New Large Load. This outcome would be a wedge against regional cooperation and is inconsistent with the cost-causation principles underlying the Administration's and Governors' Statement of Principles, which relies on the very reasonable expectation that New Large Loads that are not supported by capacity commitments will be curtailed in times of shortage.

Leaving curtailment dependent on individual state tariffs will create unnecessary complexity and weaken system reliability. Thus, curtailments directives must be enforceable throughout the whole RTO in order to be effective. PJM must establish wholesale mechanisms so that load failing to meet the BYONC requirements can be curtailed.

Resource adequacy and emergency curtailment are RTO-wide reliability functions FERC has tasked PJM with providing across its footprint. They cannot be reliably delivered if divided among the states to administer individually, however well-intentioned, because a footprint-wide shortfall demands a uniform, predictable curtailment protocol at the moment coordination matters most; separate state regimes running off the same registry would fragment a function that only works when it operates as a single, coordinated whole.

Two further shortcomings of a state-by-state approach reinforce the point. First, PJM itself has acknowledged the risk of a segmented approach: "Absent state and industry partner action on implementing these types of state level reforms, residential customers (as opposed to large load customers) may be disproportionately impacted by costs and manual load shed directives issued as part of PJM's emergency procedures." Leaving curtailment design to the states therefore risks precisely the outcome PJM warns against. Second, divergent state rules invite regulatory arbitrage: differing curtailment obligations could create a race to the bottom, concentrating data center development in the regions with the least stringent requirements rather than allocating it on sound reliability or economic grounds.

PJM should therefore determine the aggregate wholesale curtailment obligation for each EDC and LSE through its tariff and operating procedures, including netting qualifying BYONC resources against load growth to establish each entity's true shortfall. A regional framework carries a further benefit here: it establishes a single, unified definition of BYONC, ensuring that the capacity a large load brings contributes to resource adequacy as PJM measures it, rather than counting resources that a patchwork of state definitions might credit inconsistently.

However, states will need to individually review their own respective implementation protocols to ensure that EDCs are protected and customers clearly understand their responsibilities when participating as connect and manage. In addition, the large loads should be held to the contractual max capacity.

Curtailment must be operationally enforceable across the RTO. States should retain authority over retail tariff implementation, but PJM must establish wholesale rules so non-firm large loads can be curtailed be residential customers are put at risk.

Question 4 - Connect & Manage - Whether such curtailment directives are handled by PJM or by individual state tariffs, when should large loads that do not BYONC be curtailed?

- Prior to PJM calling on Pre-emergency load management; or
- After PJM calls on all Pre-emergency load management but before load shed; or
- Concurrent with load shed of native load.

Please provide any additional information you would like to share regarding your response.

large loads should not be different than DR. DR should be called when economically justified, based on an economic bid. DR should have a "must offer" economic requirement, large load or otherwise. PJM needs to work through the "double counting" bugaboo with thoughtful policy discussions.

If a new category of dispatchable, verifiable DR, with a must-offer requirement needs to be created for such, that's perfectly acceptable, but it should not be limited to large loads.

But curtailment priority this is based on the interruptible LL not paying capacity charges.

They should be treated equally to pre-emergency load-management.

Data Center's should not harm others reliability.

The purpose of Connect & Manage is to reduce large-load demand before system conditions become sufficiently stressed to require broader emergency actions. Early curtailment helps preserve operating reserves, reduce the likelihood of scarcity pricing and dispatch of higher-cost generation, and supports the premise that curtailable large loads can reduce planning needs without adversely affecting wholesale energy markets.

For large loads that do not have BYONC or another firm reliability arrangement, curtailing large loads first helps avoid shifting costs to a wider customer base.

Assuming the large load has no direct capacity hedge (i.e., it has not contracted with new generation that is supplying capacity equal to or greater than the data center's capacity obligation) then it should be curtailed prior to the use of demand response for which PJM loads have paid.

The following response was received 8 times:

The Joint EDC Connect and Manage proposal received the highest sector-weighted vote - over 50% of the membership supported it. Joint EDCs propose that load subject to Connect & Manage remain in the VRR curve for future BRAs and thus pay for capacity. As such, they propose to curtail Connect & Manage load after all capacity resources are accessed by PJM operators to allow the grid and all customers to receive the benefits of the capacity for which they have paid. Thus, the Connect & Manage curtailment should occur after DR is called and before other retail customers are curtailed.

If the Joint EDC Connect & Manage proposal is pursued, and the Connect & Manage loads remain in the VRR curve for future BRAs and thus pay for capacity, then these loads should be curtailed after pre-emergency resources but before load shed. If they are not included in the VRR curve, then they should be curtailed prior to the pre-emergency load management resources. If they are not paying for capacity and causing pre-emergency load management calls to increase in frequency, it is reasonable that pre-emergency resource participation will drastically decrease and weaken the already tight capacity situation.

Concurrent with load shed of native load or just before native load shed during EEA3. We do not support curtailment prior to PJM calling on pre-emergency load management without mechanisms that prevent price distortion or suppression.

By removing connect and manage loads from the BRA, they would not be responsible for capacity costs, and therefore it would be very appropriate to curtail them prior to pre-emergency load management.

Prior to PJM calling on Pre-emergency load management if they are not allocated capacity costs. If they are allocated capacity costs, then after PJM calls on pre-emergency load management but before load shed.

As a general principle, any mandatory load shed should be implemented on a non-discriminatory basis and should not single out large loads - or a specific subset of large loads - unless doing so is necessary to address a specific, identified reliability constraint. This approach is consistent with Federal Power Act section 202(g) which bars public utilities from prejudicing or disadvantaging any customer during a shortage.

States should establish a transparent priority for emergency actions and should place similarly situated customers on comparable footing, including large loads. That said, there may be circumstances where a local reliability issue requires targeted action that may justify operator discretion in those cases. In addition, states could incent particular loads to voluntarily opt into lower curtailment priority in exchange for faster interconnection, streamlined permitting or other incentives.

If the large loads that do not BYONC are curtailed after PJM calls on Pre-emergency load management it will trigger additional costs to all customers in the region and violate a core tenant of the Governors' Principles.

We view that new large loads that do not BYONC should be curtailed prior to PJM calling on pre-emergency load management, as well as before scarcity pricing is triggered in the energy market. This approach is consistent with the Statement of Principles and is not unduly discriminatory given the large loads' expressed willingness to become interconnected before the system has adequate capacity to serve them. Differential treatment in this case is just and reasonable because of the new large loads' desire to receive service before the system can reliably accommodate service to them without adversely affecting other customers. Further, any curtailment directives should also recognize the reliability and market implications of restarting new large loads.

The Joint EDC Connect & Manage proposal received the highest sector-weighted support, with over 50% of the membership in favor. Because C&M load would remain in the VRR curve and pay for capacity, it should be curtailed after DR is called but before other retail customers are curtailed.

States should determine what load is curtailed when a curtailment directive is issued. If certain Large Load data centers are performing critical tasks (defense, public safety, etc.) it may not be appropriate to curtail them prior to non-critical load.

Curtailment directives should provide incentive for large loads to bring their own new capacity. Should a large load choose, they could elect to sign up with a CSP to be pre-emergency Dr.

We should incentivize new large load additions (LLA) to BYONC or procure capacity in the RBP, and if not, they are curtailed when the system is short. Non-capacity-backed LLAP should be curtailed first, ahead of Pre-emergency and Emergency load management (DR) resources. Failure to follow this dispatch order will increase the cost of DR in PJM, thereby driving up costs for all ratepayers. It also has the potential to discourage new market entry or push existing DR out of the market due to too many dispatches, shifting the resulting costs and reliability risks, caused by new LLA, onto other ratepayers.

If the large loads that do not bring their own new capacity are curtailed after PJM calls on Pre-emergency load management, it will trigger additional costs to all customers in the region and violate a core tenant of the Governors' Principles.

New large load that has not secured new supply should be first in the curtailment order, requiring a modification to PJM's existing procedures. PJM should add a new step to its emergency procedures called as the first step in the emergency sequence, before pre-emergency load management, emergency load management, and maximum generation emergency actions. Under today's rules, load shed is the last resort, which would allow large loads that declined to secure capacity to benefit from every prior emergency action. This ultimately escalates energy prices and uplift borne by all customers. The directive should be zonal and quantity-based whereby PJM determines the megawatt quantity of curtailment based on how short each zone is and issues that wholesale directive to the affected EDCs. Which customers are curtailed to satisfy the directive is determined by the EDCs under their retail tariffs and state commission rules. PJM would not define retail customer classes or retail curtailment priorities, avoiding the jurisdictional infirmity that led PJM to withdraw its original proposal. Whether a given large load qualifies as having secured capacity is established through the EDC-populated registry, not through a PJM-defined retail classification. Ideally, states will direct the curtailment to the large loads that did not secure capacity; if a state chooses to spread it differently, that is a state choice with state consequences, not a PJM issue. Called early and targeted zonally, this step is the strongest incentive for large loads to bring their own new capacity or

contract through the bilateral phase or RBP, and it protects existing customers from the degraded reliability and elevated emergency costs caused by incremental load that has not covered itself.

If a large load does not BYONC or otherwise pay for capacity procured on its behalf via the Reliability Backstop Procurement, it should be treated as interruptible/non-firm before existing demand response or emergency actions affecting native load. This preserves reliability for non-large loads and creates an incentive for large loads to BYONC or participate in the RBP. Additionally, curtailing prior to pre-emergency load management avoids disincentivizing DR, which would cause the erosion of available capacity.

Curtailment directives should be in advance of, not concurrent with, shedding native load because the New Large Load has not utilized BYONC, and agreed to the Connect and Manage load drop exposure as part of the accommodations that allow the New Large Load to interconnect while not providing new capacity.

If a Large Load fails to meet the BYONC requirements, hence falling into the Connect and Manage designation, it should be curtailed prior to pre-emergency load management. This would prevent price surges that would affect customers that did successfully procure capacity, namely 67 million residential customers that are not responsible for the shortfall.

The following response was received 2 times:

We are in an unprecedented capacity supply-demand imbalance (shortage) with new large load outpacing new supply while utilities retain their obligation to serve. Therefore, we should incentivize new large loads to either BYONC or buy capacity in the RBP, or face curtailment when the system is short. Non-BYONC C&M loads should be curtailed first, ahead of pre-emergency and emergency load management (DR) resources. Failure to follow this dispatch order will increase the cost of DR in PJM, thereby driving up costs for all ratepayers. It also has the potential to discourage new market entry or push existing DR out of the market due to event "fatigue", shifting the resulting costs and reliability risks, caused by new large loads, onto other ratepayers.

The deeper C&M load sits in the stack, the more frequently shortage conditions will arise and the greater the strain on the system, raising the risk that load shed reaches beyond the large-load class to existing firm-service customers who never accepted interruptible terms. New large load that voluntarily enrolls in DR, however, should be dispatched concurrently with all other DR, not before or after.

The dispatch order has to preserve the incentive to contribute: if new large load that does not bring new capacity supply or procure new capacity in the RBP, ends up only slightly worse off than resources that did, there is weak signal to do anything. If C&M is cheap and low risk, then every rational large load entrant will choose to do nothing, thereby shifting costs and risks to other ratepayers.

These actions must be taken at PJM's direction and transparently communicated.

If the large loads that do not bring their own capacity are curtailed after PJM calls on Pre-emergency load management it will trigger additional costs to all customers in the region.

Question 5 - Reliability Backstop Procurement - Given the various jurisdictional concerns between wholesale and retail authority that have been raised, what entity do you think is responsible for assigning costs from the Reliability Backstop Procurement to large loads within a state or zone?

- PJM; or
- EDCs in coordination with appropriate state regulatory and/or retail authorities; or
- LSEs in coordination with appropriate state regulatory and/or retail authorities.

Please provide any additional information you would like to share regarding your response.

LSE's should be solely responsible for securing the capacity needs of their current and future customers. Subject to state jurisdiction. If they get a large load customer before they are able to buy incremental capacity, they need to procure capacity in the bilateral market or delay interconnection.

This could also be the LSE depending on the State and whether there is retail competition

Without any change in jurisdiction, the utilities would tell PJM which LSEs should bear the costs...just like today.

Preferably, PJM would not be assigning costs, but administering the process. PJM would administer the auction and winning buyers/LSEs would be assigned costs based on their winning bids. LSEs, in turn, assign the costs to the large loads that they serve. Alternatively, PJM would assign costs to participating/subscribed LSEs based on bid/subscription amounts, and the LSEs, in turn, would assign the costs to the large loads that they serve.

This question is somewhat imprecise as it does not distinguish between the Bilateral Matchmaking and Central Procurement that together reflect the Reliability Backstop Procurement.

Under Bilateral Matchmaking, the large load directly contracts for the required capacity, eliminating the need for separate allocation of Reliability Backstop Procurement costs. For Central Procurement, PJM should determine the wholesale procurement and settlement, while EDCs, in coordination with state regulatory authorities, should assign those costs to the large loads responsible for the procurement consistent with state-approved tariffs.

PJM should be responsible for assigning wholesale RBP costs to the LSE associated with the large load that caused the need for the RBP procurement. This approach ensures that wholesale costs are allocated based on cost causation and that the customers creating the reliability requirement remain responsible for the associated obligations. However, state commissions and RERRA's should retain jurisdiction over how LSEs recover and allocate those costs among their retail customers. This preserves the appropriate division of authority: PJM addresses wholesale reliability and market-level cost assignment, while states oversee retail rate design and customer allocation. If a large load fails to materialize, the associated RBP obligations and costs should not automatically be shifted to other EDCs, LSEs, or unrelated customers. The large load that initiated the RBP procurement should remain responsible for its associated costs.

In the absence of an identified LSE, then the EDC in privity with PJM should bear the responsibility.

The following response was received 8 times:

Today, PJM charges wholesale market participants for wholesale supply costs, this includes LSEs who serve retail end-use consumers. LSEs, in turn, must comply with RERRA requirements for passing these costs onto retail customers, a process that may need to be updated to specifically account charges associated with the Reliability Backstop Procurement and to ensure that these charges are allocated by LSEs to the "right" retail consumers (i.e. new Large Loads.) To facilitate accurate retail billing based on wholesale charges, LSEs may utilize an existing process for PJM subaccount structures.

Under the Joint EDC/Data Center Coalition proposal, the creation of a registry and adoption of a subscription model will facilitate PJM accurately allocating wholesale RBP costs to LSEs who subscribed to the procurement.

Today, PJM charges wholesale MPs for wholesale supply costs, this includes LSEs who serve retail end-use consumers. LSEs, in turn, must comply with RERRA requirements for passing these costs onto retail customers, a process that may need to be updated to specifically account charges associated with the Reliability Backstop Procurement and to ensure that these charges are allocated by LSEs to the 'right' retail consumers.

PJM's role is to conduct an auction and allocate costs to jurisdictional entities, i.e. LSEs. States, or LSEs following state law, are responsible for allocating costs further. While the principals indicate that large load customers should pay the cost of the RBP, PJM should allocate costs to short LSEs rather than LSEs with new data center load. PJM seems to recognize this principle as they propose to exempt FRR entities based on the premise that they are not short. PJM should extend that premise - and must do so to avoid being unduly discriminatory - to all balanced or long LSEs. LSEs can allocate costs to end-use customers consistent with state law recognizing that LSEs in restructured states are lightly regulated by state regulatory Commissions.

There is a role for both PJM and the LSEs. A large load registry would facilitate PJM directly assigning the costs to the large load via its LSE. State commissions would then retain authority over how the LSEs would allocate the costs within the LSEs.

State tariffs should assign costs whether they are through the LSE or EDC.

EDC or TOs are typically the entities that submit large load requests to PJM as part of the load forecasting process and most likely have access to primary sources of information. Any assignment of RBP cost to large load should occur in coordination with appropriate state regulatory and/or retail authority through a transparent process to ensure customer protection and provide stakeholders with a means to provide meaningful feedback.

While our answer above reflects "EDCs" as being responsible, PJM also has responsibility. Under the cooperative federalism construct, both PJM and EDCs have roles in assigning costs of the RBP to new large loads. PJM's role is to develop the necessary rules and settlement details to segregate the RBP costs and, to the extent possible, match those costs to particular zones. The state then has a role in determining the best approach to collect those costs from new Large Loads, including establishing an equivalent "ticket" to the Peak Load Contribution ticket for new Large Loads and RBP costs. Such a new "ticket" could be collected from the new large-load customer via a non-bypassable charge on EDC bills or a bypassable charge on the retail customer's LSE bill.

PJM currently charges wholesale supply costs to wholesale market participants, including LSEs serving retail customers. LSEs then pass those costs to load customers consistent with RERRA requirements, which may need to be updated to ensure RBP charges are assigned to the appropriate retail customers' new Large Loads. PJM subaccounts can help support accurate retail billing. The Joint EDC/Data Center Coalition proposal's registry and subscription model would help PJM accurately allocate wholesale RBP costs to subscribing LSEs.

PJM should at the very least require the entity requesting the large load interconnection to be required to submit a guaranty (if high credit rating) or a letter of credit or deposit that must be provided by the large load customer before approving the interconnection. That way the LSE could be assigned the costs, but it does not get stuck ultimately paying the Reliability Backstop Procurement charges.

It is our understanding that the LSE's are the entities responsible for securing energy to serve Large Load and therefore should be responsible to ensure that Large Loads bear the appropriate costs

It is not within PJM's jurisdiction or expertise to allocate costs to retail customers. PJM must be free to procure the appropriate level of capacity to keep the system reliable while leaving cost allocation within zones and states up to relevant authorities.

PJM, who incurs the cost through the RBP on behalf of Large Loads who cause the cost must have a means of recovering those cost. PJM could assign to the zone and then the Relevant Electric Retail Regulatory Authority (RERRA) can assign to jurisdictional entities, but those costs should be assigned to the large loads creating the need for RBP. Further, the load that is allocated for the cost should be billable through PJM's Market Settlements through the EDC/LSE that's a PJM member company making the EDC/LSE accountable to PJM.

PJM should be responsible for assigning wholesale RBP costs to the LSE or wholesale customer associated with the large load that caused or subscribed to the RBP procurement. State commissions and retail authorities would then retain authority over how the LSEs would allocate the costs within the LSEs. If Large Loads do not show up, the costs of the RBP are not transferred to other EDC or other LSEs absent an explicit transfer of obligations. The absent Large Load remains responsible.

EDCs hold durable territorial franchises and are creditworthy counterparties, and they can work with their state commissions to pass costs through to the large loads driving the procurement need. Making the EDC responsible for both populating the registry (Question 2) and assigning RBP costs ties information to accountability within a

single entity. To ensure EDCs are not left holding the bag if a registered load over-reports or fails to materialize, registered large loads should be required to post credit support or security with their EDC commensurate with the costs being assigned. LSE-based assignment is unstable over a 15-year contract horizon: in competitive retail states, loads switch suppliers, creating stranded-cost and credit risk that undermines the revenue certainty the RBP is intended to provide. Direct assignment by PJM to retail-level customers raises the same jurisdictional uncertainties that led PJM to withdraw its original C&M proposal. The controlling principle is that 100% of RBP costs must ultimately reach the large loads driving the need; EDC assignment in coordination with the states is the most durable path to that outcome.

This question is unclear as stated. As described in FERC's Show Cause Order, PJM should be responsible for assigning wholesale RBP costs to the LSE or wholesale customer associated with the large load that caused or subscribed to the RBP procurement. State commissions and retail authorities would then retain authority over how the LSE, EDC, or other retail entity recover those costs.

Note that this question does not address how stranded costs are assigned in the absence of large load customers within an applicable state or zone. That circumstance should be avoided by determining the quantity of RBP capacity procured based on voluntary subscriptions or binding commitments from LSEs or wholesale customers associated with the large load. Those commitments must be backed by sufficient financial security to ensure that the costs and risks of procurement are borne by the entities causing the need for the procurement.

Assignment of costs to particular end-use loads or classes of loads is a retail rate issue outside the scope of FERC's jurisdiction, and therefore not properly PJM's role. Either the LSE or the EDC is the appropriate party to determine the specific customers that are charged for RBP procurement costs, subject to oversight by the RERRA. When the LSE and EDC are separate entities, the LSE should be responsible for billing this type of service. However, assignment of RBP costs to particular LSEs or EDCs within the same zone is a FERC-jurisdictional issue as it materially affects wholesale rates and should therefore be addressed by PJM's tariff, potentially in attachments M1/M2.

Note: We consider that both the first option (PJM) and the third option (LSEs in coordination with appropriate state regulatory and/or retail authorities) are correct. These are not mutually exclusive.

PJM should assign the RBP costs to either the Large Load directly, the wholesale entity, or (LSE) who procures capacity on behalf of said Large Load. The same principle should apply regardless of whether the RBP is based off a subscription model, as the one in the Joint EDC proposal, or a one-time procurement. States would still retain authority over how the LSEs would further allocate those costs within the state.

If a Large Load does not materialize, then RBP costs cannot be transferred to another EDC or LSE without an explicit transfer of obligations. The absent Large Load must be responsible for these costs.

We are agnostic as to whether the EDC or the LSE administers the cost assignment (there are valid arguments for each), provided the costs of new capacity from the Reliability Backstop Procurement are allocated on a cost-causation basis to the new large loads that necessitated the procurement, with appropriate protections for existing customers. Direct assignment by PJM does not fit, given that assigning costs to individual retail loads is a state-jurisdictional function rather than a wholesale one. The registry will be critical to tracking the causing loads and tying each RBP cost back to the load responsible.

If the procurement is mandatory (PJM Proposal): PJM inherently must assign costs to EDCs, who then must subsequently assign costs to large loads which will require corresponding state/retail tariff and defined cost allocation methodology to be defined by the states.

If the procurement is voluntary (Joint Utilities Proposal): the large loads who have signed contracts agreeing to take the costs from the LSEs before the LSEs put their load in the procurement; those retail contracts are state jurisdictional.

Preferably, PJM should be responsible for assigning wholesale RBP costs to the LSE or wholesale customer associated with the large load that caused or subscribed to the RBP procurement. State commissions and retail authorities would then retain authority over how the LSEs would allocate the costs within the LSEs. If Large Loads do not show up, the costs of the RBP are not transferred to other EDC or other LSEs absent an explicit transfer of obligations. The absent Large Load remains responsible.

There is not necessarily a jurisdictional issue to PJM taking this role.

In conjunction with a subscription model directed by LSEs for the RBP (Question 8 below), LSE coordination of cost allocation works best.

Question 6 - Reliability Backstop Procurement - What should be the max willingness to pay (\$/MW-day) in the Reliability Backstop Procurement?

- No Price Cap; or
- Price Cap equal to Point A of the RTO BRA VRR curve absent the existing price collar; or
- Price Cap equal to some value higher than Point A, absent the existing price collar; or
- The max price of the existing price collar

Please provide any additional information you would like to share regarding your response.

The Backstop should not be privileged above the BRA other than having a longer term. And only with the expectation that the BRA will be reformed to have a longer term component.

The large loads should determine the bid price based on their determination of the value of capacity. Since that may be difficult to achieve in anything other than bilateral arrangements, the any RBP price cap should be no lower than an updated and realistic Point A.

Max willingness to pay provided by each entity opting in.

If it's not a free market, say so.

An uncapped or excessive backstop price could expose consumers to unreasonable costs. Any backstop procurement should be disciplined, temporary, transparent, and targeted to cost-causing loads.

It should be based on a willingness-to-pay approach. Allowing Large Loads to submit willingness-to-pay values provides transparency into the value of reliability to the customers creating the incremental need and supports cost-causation principles.

No price cap is necessary assuming that new large load is not compelled to procure through the RBA and also assuming that any participating large load can express its willingness to pay in an auction bid. If either of these conditions are not true, then the cap should be set at a proxy cost of new entry for a marginal peaking resource, which is currently higher than Point A of the RTO BRA demand curve.

The following response was received 7 times:

Option 2 is the closest to the Joint EDC/Data Center Coalition proposal (the only proposal to receive greater than 2/3 sector weighted support).

The Joint EDC/Data Center Coalition proposal did not include the ability for load to indicate their willingness to pay via buy bids. Rather, it included protections for how much in total load is willing to pay via a budget constraint. The clearing constraint included in the proposal would allow generation offers to clear such that the weighted average of all the offers is at or below \$555/MW-day which is the current Point A of the VRR Curve (without a price collar).

Option 2 above is the closest to the Joint EDC/Data Center Coalition proposal (the only proposal to receive over 3.335 sector-wtd. support).

The Joint EDC/Data Center Coalition proposal did not include the ability for load to indicate their willingness to pay via buy bids. Rather, it included protections for how much in total load is willing to pay via a budget constraint. The clearing constraint included in the proposal would allow generation offers to clear such that the weighted average of all the offers is at or below \$555/MW-day which is the current Point A of the VRR Curve (without a price collar).

The clearing constraint included in the Joint EDC proposal would allow generation offers to clear such that the weighted average of all the offers is at or below \$555/MW-day which is the current Point A of the VRR Curve (without a price collar).

We supported multiple packages that determined the maximum willingness to pay through the following methodologies:

A maximum volume-weighted average procurement price

Large load submissions with a willingness to pay for specified amounts of UCAP, with appropriate market power monitoring and mitigation rules in place

A Price Cap equal to Point A of the RTO BRA VRR curve absent the existing price collar

It is critical that the RBP auction works to bring needed additional capacity online. In that vein, PJM's design must provide sufficient opportunity for developers to submit offers that would enable the development of such needed capacity, economically. One of the greatest challenges for suppliers seeking to participate in the RBP will be reflecting unknown network upgrade costs in their offers. Given the timing of the RBP in September, participating projects will only have a preliminary uncertain guess at what those upgrade costs will be. For this reason, it is vital that PJM set the max willingness to pay at a level that, among other things, allows suppliers to reflect uncertainty in their offers.

If the RBP is based on willingness to pay, there is no need for a price cap. The easiest way to resolve this is by basing the procurement on buy bids.

We support Point A. While Point A may not be sufficient to support new CTs or CCs it is likely sufficient to support other resources or uprates to meet the 2028/29 short. We continue to believe that the PJM market should support bilateral transactions as the primary means to add new resources to the market and align the cost of those resources with the associated load.

In order for the backstop procurement to successfully fill any resource adequacy shortfall, prices need to reflect the true value of bringing capacity online. If the backstop is capped too low, there is a risk that, even with a 15-year contract, prices will not reflect the costs of bringing new capacity online. The price caps suggested in the poll do not accurately reflect the investment, financing, and construction costs of developing new capacity. The proposed price caps do not accurately reflect costs and, without an escalator, will be even less reflective of costs at the end of the proposed RBP period, which is nearly 17 years from now. Additionally, the application of any price cap will impact the prices at which bilateral contracts settle. An artificial price cap may discourage bilateral contracting which is counter to the goals of the Statement of Principles of having new capacity paid for by new large loads.

The following response was received 2 times:

EDCs/Large Loads should be allowed to submit with their RBP UCAP target one or more willingness to pay entries associated with different UCAP amounts. PJM & the IMM need to develop market power monitoring and mitigation rules. Thus, no Price Cap.

Note: A price cap tied to the existing RTO BRA VRR curve or price collar would be appropriate IF the costs of RBP capacity may be assigned to non-large load customers.

EDCs/Large Loads should be allowed to submit with their RBP UCAP target one or more willingness to pay entries associated with different UCAP amounts. PJM & IMM need to develop market power monitoring and mitigation rules. Thus, no Price Cap.

There should not be a cap on the maximum willingness to pay but PJM should allow developers to offer in at Gross CONE with a review for offers over Gross CONE. PJM's proposed cap of \$555/MWd does not reflect the actual cost to build in the current environment. Additionally, uncertainty around Energy & Ancillary revenues, ELCC and network upgrade costs further support the exclusion of a cap.

Due to structural market power concerns in long-term bilateral procurement, some form of price cap or mitigation is necessary to protect new Large Load customers responsible for RBP costs. Point A of the VRR curve is not an appropriate benchmark because it is designed for annual capacity market clearing, not long-term bilateral contracts. We recommend a price cap based on a forward-looking levelized cost of new entry for the relevant technology, coupled with a prudence review to ensure costs are just and reasonable.

Option 2 aligns most closely to the Joint EDC/DCC clearing mechanism proposal, which was endorsed by PJM Members. However, the Joint EDC/DCC clearing mechanism proposal - to protect load through a budget constraint that clears offers only if their weighted average is at or below \$555/MW-day, the current Point A of the VRR Curve without the price collar - is a better method for controlling costs than the price cap laid out in Option 2.

Setting an artificial price cap does not reflect the current reality of the generation development landscape, the costs of each unit will be unique and need to factor in specific factors such as land costs, network upgrade costs, and other project specific costs that need to be factored in. For that reason, we feel that projects should be able to bid at their actual cost.

While Point A is an appropriate max willingness to pay, the manner in which PJM has proposed to clear offers should be reconsidered. Under PJM's CFP proposal, a 2031 COD resource at the maximum price would clear over a 2032 resource offering at half the maximum price. Over the term of the contract, consumers would incur hundreds of millions of dollars in additional costs for only a marginal timing improvement. PJM should consider other ways to prioritize least-cost resources such as through a weighted clearing mechanism.

No price cap to incentivize new entry where the supply and demand curve intersect for BRA/RPM, but costs are allocated to the large loads that do not BYONC.

The only way a reliability backstop works is if prices are allowed to rise to the level required to finance new supply. If the large loads procuring new UCAP through this backstop cannot afford that cost, they are effectively acknowledging that they would rather accept curtailment than pay the actual cost of reliable service. The traditional market-power rationale for a cap does not apply here: the procurement is pay-as-bid rather than single-clearing-price, and participation is potentially voluntary or subscription-based. A low cap is also corrosive to the bilateral phase – bilateral prices are high, reflecting the actual cost to build, and a capped central procurement invites large loads to use the RBP as a hedge against those prices rather than contracting bilaterally. If prices are not allowed to reach the level needed to bring new supply onto the system, PJM will be back in the same position, holding another backstop auction, within a year. The existing \$555/MW-day collar is outdated and sits well below the current cost of new entry; a cap at that level invites an undersubscribed, failed procurement. Any cap that is retained for ratepayer-protection reasons should therefore be set above Point A of the VRR curve and calibrated to an updated Net CONE reflecting current equipment, EPC, and financing costs, and must reflect the risk profile sellers take on: a 15-year pay-as-bid commitment with accreditation risk, significant collateral, and performance obligations. We also reiterate that the best protection against high clearing costs is maximizing eligible supply, including surplus interconnection resources and CIR-only uprates where new UCAP reflects demonstrated technology additions

Preferably, buyers and sellers should work it out procurement quantity and costs between themselves through bilateral RBP transactions. If PJM procures on behalf of large loads without first ensuring adequate financial commitment, then bids should be mitigated in a manner that avoids manipulation. A price cap tied to the existing RTO BRA VRR curve or price collar would be appropriate if the costs of RBP capacity may be assigned to non-large load customers.

Basing the demand curve on voluntary buy bids should reduce or eliminate the need for a price cap and would promote a more competitive auction result. If, instead, participation is mandatory and the demand curve is set administratively by PJM, a conservative price cap may be appropriate because the demand curve will not reflect competitive forces.

The following response was received 2 times:

There should be no price cap. The system is severely short on new capacity investment, and the majority of new large load is highly inelastic to price, so a cap would suppress the very investment signal the procurement is meant to send. So long as the RBP provides access to firm service and participants are not double-paying, allowing an uncapped willingness to pay to clear the market is the efficient outcome.

Our support for no price cap rests on three conditions being met. First, adequate protections must ensure that the costs of any capacity cleared through the RBP are strictly allocated to the new large load that caused the procurement. Second, the RBP should be an opt-in procurement in which new large loads can actively set their own demand-side position, potentially including their own maximum willingness to pay. Third, capacity secured for a new large load through the procurement should satisfy its BYONC obligation and remove it from Connect and Manage curtailment risk.

A price based on net-CONE of PJM's reference unit for the applicable LDA with an adder (i.e., $1.25 \times \text{net-CONE}$).

Question 7 - Reliability Backstop Procurement - Some of the packages include a component that large load volumes should be included in future BRAs, even if they are potentially subject to Connect and Manage, in order to maintain an appropriate price signal that reflects the overall shortage conditions and avoids further loss of existing supply. Other packages urge exclusion of the large loads from inclusion in future BRAs. What is your view of the appropriate treatment of large loads for purposes of future BRAs?

- Maintain the inclusion of large load volumes in the BRA auction so as to reflect shortage conditions and allow for retention of existing capacity and address any changes to the status quo through PJM's ongoing holistic review of the capacity market design; or
- Exclude just the incremental load volumes that result in the auction being short by recalculating the auction results to exclude the incremental load not able to be served with cleared capacity; or
- Exclude all large load volumes from the auction including those volumes which would otherwise clear in the BRA

Please provide any additional information you would like to share regarding your response.

Large Loads are fundamentally just loads. Supply and Demand is managed through the BRA. To the extend the BRA is failing to clear, fix the BRA!!! Make the BRA an auction for multi-year capacity contracts that are bankable.

We're already bifurcating the market so go all the way. If the new large loads are buying through the RBP or bilaterally, that demand and supply should stay out of the annual auctions.

Exclude those large loads that did not bring their own capacity.

Option 2 Exclude just the incremental load volumes, provided that Connect & Manage loads are subject to a mandatory, enforceable, and timely curtailment framework. Excluding only the incremental load that cannot be served by cleared capacity preserves the purpose of Connect & Manage while avoiding unnecessary capacity procurement. However, exclusion should occur only where curtailment is mandatory, enforceable, timely, and sufficiently reliable to prevent the load from contributing to system scarcity, dispatch of higher-cost generation, or elevated wholesale energy prices.

Large Loads should be excluded from future capacity auctions unless they demonstrate that they are assuming responsibility for the capacity obligations associated with their demand. Including Large Load demand, in PJM's capacity auctions without a separate cost-allocation mechanism such as C&M could result in billions of dollars in incremental annual capacity costs being recovered through the broader PJM customer base. This violates the cost-causation principle.

Assuming the large load will be curtailed prior to deployment of DR capacity, then it need not be in the auction. The data center would be analogous to an "energy-only" generator. Excluding just the incremental load volumes that result in the auction being short would also work, assuming that the supply procured could be allocated to the data centers pro rata and that data centers could actually avoid curtailment through the purchase of partial auction capacity. However, if data center curtailment is an all or nothing proposition, then the second option may merely assign costs without affording a meaningful mitigation of the priority curtailment.

The following response was received 8 times:

Failing to reflect these loads in the VRR curve will not support the region's return to market fundamentals. To achieve sustainable resource adequacy, the RPM capacity market must send appropriate price signals to retain existing resources while incenting new resources to connect. The RBP is intended to be a one-time procurement, not a recurring mechanism. The appropriate forum for discussing changes to the market design fundamentals is the holistic review workshop series PJM is conducting. Market reforms may be pursued thereafter.

Additionally, it is worth noting that the Joint EDC proposal triggers the Connect & Manage curtailment directive after PJM dispatches load management resources, which are RPM-compensated capacity resources. This proposal recognizes through their inclusion in the RPM VRR curve that such loads paid for capacity and should not be curtailed before all available capacity resources are activated.

Failing to reflect these loads in the VRR curve will not support the region's return to market fundamentals. To achieve sustainable resource adequacy, the RPM capacity market must send appropriate price signals to retain existing resources while incenting new resource to connect. The RBP is intended to be a one-time procurement, not a recurring mechanism. The appropriate forum for discussing changes to the market design fundamentals is the holistic review workshop series PJM is conducting.

Excluding firm large loads from the BRA auction would distort entry and exit price signals, condemning native load to perpetuity of shortfall. However, it would be appropriate if PJM/states were to create a non-firm load product that could disconnect during emergencies, that solution would better preserve market price signals.

The BRA should remain the primary vehicle for resource entry in the PJM footprint. The backstop procurement should not crowd out existing resources and encourage them to retire, which would exacerbate the problem that the backstop is trying to address. Specifically, PJM should take care that generation procured through the RBP for load that does not materialize at the same time as the generation does not displace existing generation that will be needed if and when load does materialize. Consistent with the Roy Shanker proposal, the generation that is procured through the backstop and the lower of the amount of load that the auction was based on and the load that actually materializes should be removed from the BRA to avoid distorting the market.

Connect and manage should be mandatory for large loads that do not BYONC and they must be excluded from the BRA. The entire point of the RBP and bilateral period is to procure capacity for large loads. If a large load opts not to participate, then their costs should not be socialized across all other customers in the BRA. Optional connect and manage where the relevant loads are included in the BRA violates the Governors' Principles, Ratepayer Protection Pledge, and State Legislators Collaborative positions by forcing other customers to pay for large load costs.

There is also a benefit to the large loads of removing them from the BRA: removing connect and manage loads from the BRA avoids the litigation risk of charging connect and manage loads for capacity they cannot use; PJM should simply curtail them before DR.

Including all large loads in the BRA is not politically sustainable. Therefore, we support excluding incremental large load volumes from participating in the auction unless the load is able to secure bilateral arrangements or if there is excess supply in the auction, then large load should be included up to the excess supply.

PJM should not insert RBP supply into the ensuing BRAs at either a default ACR-based offer price or as a price taker (\$0/MW-day) offer price. Doing so would artificially undermine the price signal the BRA is intended to produce. This could negatively impact region-wide resource adequacy as resources, acting on an artificial price, will prematurely exit the PJM market or retire. This risk is especially high if forecasted large loads come online later than expected, resulting in resources exiting the market and leaving PJM without enough supply to meet forecasted, but delayed, demand.

To prevent this outcome, PJM should remove both the RBP supply and corresponding large load from the capacity market, as described in the proposals offered by Dr. Roy Shanker and the Joint Stakeholders in the CIFP. Such a proposal could be added to the PJM (or other) package by adopting the following provision:
-Remove the RBP generation from the BRA and remove the lower of (a) the actual large load that is in the BRA Planning Parameters and (b) an amount of load equal to the RBP generation.

This provision represents a "no regrets" option to ensure system-wide resource adequacy that will protect ratepayers while ensuring that neither the RBP supply nor load disrupts regular market price signals. If both supply and load arrive as expected, the provisions will have no impact. However, it will discourage needed supply from leaving the PJM market or retiring if load growth is delayed.

Including data center load in the capacity auctions will put the billions of dollars in annual capacity costs related to data center deployment in the PJM region on the backs of the other customers in the region - including those 67 million residential customers. This decision also ensures that a core component of the Governors' Principles, the Ratepayer Protection Pledge, and the State Representatives' request are ignored.

To facilitate the transition back to market fundamentals, PJM should include the large load volumes and the associated supply in the BRA. The supply associated with large load should offer into the BRA in a competitive manner.

Excluding all new large load volumes from the BRA is most consistent with the intent of the Statement of Principles. As with other elements of the RBP/Connect and Management framework, we recommend that any rules developed be revisited on a regular cadence (e.g., a 5-year review cycle) to ensure they remain appropriate during this time of tremendous change and risk.

Large Loads should remain in the VRR curve to preserve market fundamentals and send appropriate price signals to retain existing resources and attract new capacity. RBP should remain a one-time backstop, while broader market design changes should be addressed through PJM's holistic review process. Because C&M load remains in the RPM VRR curve and pays for capacity, it should be curtailed only after PJM dispatches all available RPM-compensated load management resources.

The new load should be included in the BRA to accurately reflect the capacity shortfall that accounts for all load in the PJM market. Generation developers need to have a clear and defined market signal that provides certainty on the value of new resources. A bifurcated market would create conflicting price signals.

Including all load in the BRA ensures accurate and adequate price signals that will ensure existing resources do not leave unnecessarily and will allow future new resources who cannot participate in the one-time RBA to come online.

The maintenance of the LLA would have to be done in a way that does not create double counting of capacity payments/procurement. Also, excluding the load could create two separate price signals, one for existing load and generation and another for new large load.

Including data center load in the capacity auctions will put the billions of dollars in annual capacity costs related to data center deployment in the PJM region on the backs of the other customers in the region - including those 67 million residential customers. This decision also ignores a core component of the Governors' Principles, the Ratepayer Protection Pledge, and the State Representatives' request.

Removing large load from the BRA would suppress the capacity price signal at precisely the moment the market is short, accelerating retirements, chilling new entry, and worsening the shortfall the RBP exists to address. Inclusion of large load volumes is also the necessary complement to PJM's design requiring RBP supply to offer into future BRAs as price takers: if the RBP supply enters the auction while the load it was procured to serve is excluded, the auction is structurally biased toward suppressed clearing prices. The load and its associated supply should be treated symmetrically. Excluding large load would additionally create two permanent classes of load, a structural change that should not be made through a fast-path process. Concerns about forecast accuracy are legitimate but are better addressed through load-forecast reform (including the registry, per Question 1) and PJM's holistic capacity market review. An accurate, shortage-reflective BRA signal is essential to attracting the investment this initiative is trying to mobilize.

No capacity should be obtained through the Base Residual Auction (BRA) to serve Connect and Manage loads, to the extent these loads are curtailable and, as a result, including these loads artificially inflates demand. The goal of the BRA is to procure sufficient capacity to reliably serve firm load in a particular year. Adding in Connect and Manage load does not serve that purpose. Nor does it serve any incremental signaling purpose beyond what the RBP provides.

Consistent with PJM's recent statements, our longstanding position is that the BRA should be residual. Capacity obtained to serve New Large Loads through the RBP displaces any need to include that load in the BRA. Keeping load and resources out of the BRA when they are being served through RBP will best ensure that BRA clearing prices reflect actual resource scarcity and will avoid moving the BRA further away from the core design principle that dictates it should be a residual auction.

New Large Loads whose capacity is procured through the BRA are those that failed to meet the BYONC requirement, thus falling into the Connect and Manage status. Including them in the BRA would result in increased capacity costs for 67 million residential consumers who are not responsible for that increased demand.

Large load volumes should be exempted from inclusion in future BRAs where the arrangement serving that load does not rely on the auction to meet its capacity needs, such as C&M or via co-located generation. If the auction is not being asked to cover a load's RA requirement, that load should not be counted toward the auction's demand volume.

Exclude large load volumes for data centers that have BYOG or participated in RBP. "Retention of existing capacity" appears to function as a mechanism for providing additional compensation to the existing generation fleet at the expense of residential ratepayers.

Data center load should not be included in the capacity auctions. Including data center load in the capacity auctions will put the billions of dollars in annual capacity costs related to data center deployment in the PJM region on the backs of the other customers in the region - including the 67 million residential customers.

Question 8 - Reliability Backstop Procurement - For the RBP procurement target, which option do you prefer?

- A target based on the 28/29 BRA shortfall; or
- A target based on voluntary subscriptions from Load Serving Entities.

Please provide any additional information you would like to share regarding your response.

No preference.

I prefer this but it won't work because virtually no one would make this commitment without rate recovery certainty and that's not going to happen in time so that won't satisfy the political demands of the day. That's not the right way to run an efficient market or system but its a reality.

The target should include load load in the registry created in question 1.

A letter of agreement and PJM holding an auction is not binding on participants.

This better limits procurement to entities that need and elect the backstop, instead of socializing costs across consumers.

Establishing customer-specific commitments through a registry will improve transparency, support accurate PJM planning, and ensure that reliability obligations created by new Large Loads are assigned to the customers driving those requirements.

The following response was received 9 times:

A target based on voluntary subscriptions is the only target that satisfies the Statement of Principles of assigning cost to cost causer as well as provides other end consumers protection against stranded costs should Large Loads not materialize as anticipated. Moreover, this approach allows for bilateral contracting to continue, which fully insulates the PJM market from financial risks associated with capacity procurement.

While we prefer a voluntary opt-in model, without a forcing function, there is no incentive to have PJM procure on their behalf when they can already access the bilateral market. As evidenced by stakeholder feedback, a forced procurement target leads to potential stranded costs if large load does not come, and a discriminatory bifurcation of large loads occur between those that are new before and after the RBP occurs. New large loads after the procurement would not be subject to forced procurement. A hard procurement target only works if the RBP becomes a recurring structure, and that would have disastrous consequences to the PJM market, including no incentive for new resources to participate in the PJM capacity auction.

A target based on the actual BRA shortfall creates a concrete, limited procurement amount clearly tied to a market need. This has the best chance of ensuring reliability and limiting distortions to the existing market.

The amount of capacity procured through the centralized RBP should be based on buy bids on behalf of large loads. Commitments can be tied to individual customers through creation of a registry.

Target the 28/29 BRA, unless there is mandatory connect and manage.

The amount of capacity procured through the centralized RBP should be based on buy bids on behalf of Large Loads. Commitments tied to individual customers through creation of Large Load Registry.

A voluntary subscription model, in concert with a registry, better aligns the amount of new capacity being procured in the RBP, reducing the risk that the amount of new capacity does not align with the demonstrated need.

A voluntary subscription-based target best satisfies the Statement of Principles by assigning costs to the cost causers and protecting other end-use consumers from stranded costs if anticipated Large Load growth does not materialize. It also preserves bilateral contracting, insulating the PJM market from financial risk associated with capacity procurement.

PJM's proposal is also a possible solution if it appropriately accounts for Self-Supply Entities that are subject to a RERRA IRP process and includes new generation resources, as well as uprates to existing generation and existing generation with headroom that is excess of incremental load growth. IRP Entities should be able to decrement the procurement target by any generation, including uprates, in the PJM interconnection queue, in a demonstrated finalized PPA, associated with the Self-Supply Entity subject to a RERRA IRP.

The procurement target needs to be based on the actual shortage from the BRA auction, leaving the target to voluntary subscription from LSE's does not guarantee that the capacity shortage is resolved and reflects the current ability for LSE's to voluntarily procure capacity.

Basing the procurement target on voluntary subscriptions from Load Serving Entities (LSEs) risks significant under-procurement of capacity in the PJM region. Today, large loads and the LSEs serving them lack sufficient incentives to voluntarily procure capacity due to ongoing uncertainty around state tariffs, cost allocation, and Build-Your-Own-New-Capacity (BYONC) rules. In addition, PJM's shift away from a "connect and manage" framework has further reduced incentives for proactive capacity procurement.

Voluntary subscriptions may also create a disincentive for LSEs and large loads to accurately reflect their anticipated capacity needs. Given the uncertainty around whether planned large loads will ultimately materialize, LSEs may be reluctant to commit to capacity procurement if doing so could leave them responsible for costs associated with projects that never come online.

By contrast, using the 2028/2029 Base Residual Auction (BRA) shortfall establishes a clear, objective procurement target grounded in PJM's robust load forecasting methodology. Moreover, expected load growth extends well beyond the current projected shortfall. Even if the RBP were to procure capacity somewhat ahead of near-term need, this should not be viewed as over-procurement, but rather as prudent early procurement. The capacity will still be required as demand continues to grow, and bringing new supply online sooner can help improve system reliability while putting downward pressure on capacity prices, ultimately benefiting customers.

PJM would have better control of using their own calculations for the BRA rather than relying on the timeliness and accuracy of voluntary subscriptions from Load Serving Entities.

The amount of capacity procured through the centralized RBP should be based on buy-bids on behalf of Large Loads. Commitments tied to individual customers through creation of a Large Load Registry.

A defined, transparent target gives suppliers the certainty required to bid, secure equipment, and finance new projects. It is what makes the RBP a credible one-time procurement. A voluntary LSE subscription model carries a serious risk of low participation - particularly now that PJM has removed the mandatory C&M forcing function - producing an undersized procurement that fails to close the shortfall and guarantees future emergency procurements.

The 28/29 BRA shortfall derives from TO and EDC load forecasts, which may not match the large load additions substantiated through the registry. To avoid procuring against phantom load, the target should be set at the lesser of the 28/29 BRA shortfall and the registry-substantiated large load additions, and should be decremented for executed bilateral/BYONC arrangements and DR contracts, preserving the incentive to contract bilaterally and protecting against over-procurement whose costs would strand with EDCs and ratepayers.

The amount of capacity procured through the centralized RBP should be based on buy bids issued by or on behalf of Large Loads.

Use of voluntary subscriptions is a better approach, but requires a strong and centralized Connect and Manage load drop signal.

The capacity procured through the RBP should be based on buy bids on behalf of the Large Loads. Plus, having a Large Load registry would facilitate tying these commitments to their respective Large Loads.

On the other hand, using an administrative forecast risks creating an inaccurate procurement target.

The RBP should be built on voluntary subscriptions rather than the 28/29 BRA shortfall. A shortfall-based target imposes an involuntary quantity on new large loads before they can evaluate what they are buying or what it will cost, and several of those unknowns are material:

- The cost allocation protections meant to shield existing load from RBP costs are not yet defined.
- A new large load does not know whether, or how much of, its own growth is already embedded in the 28/29 shortfall figure.
- It is not established whether RBP capacity will satisfy a future BYONC obligation or remove the load from Connect and Manage risk.
- It is unclear whether a subscribing load would be double-charged for capacity it also procures through RPM.

Beyond avoiding those unknowns, many large loads would prefer to match bilaterally with resources they can designate and define, capturing value beyond capacity alone, including on-site resources and renewable elections. A voluntary subscription structure lets each large load opt in on terms it can assess and control, while a shortfall-based mandate forces participation before any of these questions are answered.

The procurement needs to be voluntary. Maintain opt out and only procure for LSEs with data center demand that has volunteered to take on RBP costs and signed contracts accordingly.

The amount of capacity procured through the centralized RBP should be based on buy bids on behalf of Large Loads. Commitments tied to individual customers through creation of Large Load Registry.

Question 9 - Reliability Backstop Procurement - Do you support a locational requirement for clearing a RBP resource?

- The locational requirement should correspond to the location of large loads that contributed to the shortfall; or
- A locational requirement that provides that the amount of RBP capacity procured within rest-of-RTO for delivery into the combined MAAC and DOM LDAs cannot exceed 500MW; or
- No locational requirement due to implementation challenges or for other reasons.

Please provide any additional information you would like to share regarding your response.

Keep it simple. This is a small increment.

Locational details would be best but the political timeline does not allow for such accuracy.

Generally, new generation should be located closer to new Data Center loads.

Consumers should not pay for generic RTO-wide procurement if the reliability need is caused by specific large loads in specific locations.

RBP capacity should be procured from resources that are physically capable of serving the Large load's location. A locational requirement is necessary to ensure that the procurement actually addresses the reliability need created by the Large Load.

The following response was received 8 times:

Recognizing the challenge PJM staff raised about soliciting supply on a too granular basis, the Joint EDC/Data Center Coalition proposal allows supply to locate in Rest-of-RTO but limits that to ~500 MW if the matching Large Load demand is located in the MAAC area. Such a locational component will ensure that new capacity is located in proximity to the new Large Load it is intended to supply. This will help ensure deliverability and that all customers in a zone/area of PJM receive the reliability benefits, including RPM benefits, associated with the new capacity.

Recognizing the challenge PJM staff raised about soliciting supply on a too granular basis, we favor no locational requirement. We could accept the Joint EDC/Data Center Coalition proposal allows supply to locate in Rest-of-RTO but limits that to ~500 MW if the matching Large Load demand is located in the MAAC area. Such a locational component will ensure that new capacity is located in proximity to the new Large Load it is intended to supply. This will help ensure deliverability and that all customers in a zone/area of PJM receive the reliability benefits, including RPM benefits, associated with the new capacity.

Generally speaking, PJM is a power pool whose purpose is to share capacity across the region during scarcity conditions. While locational requirements for capacity may be appropriate in some situations, the reliability backstop procurement is designed to address a region-wide shortfall, and so, PJM should not be overly restrictive in setting locational requirements. Large load customers should be encouraged to sign bilateral contracts throughout the PJM footprint.

RBP capacity should be deliverable to the areas where the large load is located. Otherwise, there is a risk of local reliability issues and additional costs for related transmission buildout.

No locational requirements, locational requirements may prevent the fastest resources to market to come to the market. Additionally, if there are locational requirements it may force resources to locate where the system is long if data centers are locating in the zones that are net long. Interconnection cost and related basis differentials will help discipline the market.

PJM's market and reliable operations reflect locational requirements. Absent a locational requirement for clearing an RBP resource, costs can be shifted across zones, undercutting the Statement of Principles.

The Joint EDC/Data Center Coalition proposal addresses PJM's concerns about overly granular supply requirements by allowing Rest-of-RTO supply, capped at ~500 MW when the matching Large Load demand is in MAAC area. This locational limit helps keep new capacity near the load it serves, supporting deliverability and reliability benefits for customers in the affected PJM zone or area.

If there is no locational requirement for data centers/new large loads, then there cannot be a locational requirement for other LSEs, including FRR entities. The locational requirement should be the same for data centers/new large loads as it is for all other LSE's, including FRR entities.

PJM studies deliverability so that all resources can serve all load within PJM, for that reason RBP resources should not have a locational requirement. The intent of deliverability in the PJM market is to ensure that all load can be served in aggregate under specific conditions, it is not to ensure that a specific generator can serve a specific load.

PJM needs significant capacity to be added to the system in a short amount of time. Projects in TC2 or TC1 are in the best position to complete financing and enter construction as soon as they receive binding commitments through the RBP. A locational requirement for the RBP, based on short-term constraints, could exclude shovel-ready projects, representing significant capacity, from participating in the central procurement, further delaying crucial MWs from reaching PJM's grid.

We did not check off any of the choices above, but some combination of both RTO and locational requirements could help meet the balance of where the LLA is located that should bear the cost vs where the resources are located preferably near the LLA.

RBP capacity should be deliverable in the areas where the large load is located. Without a locational requirement, PJM could procure capacity that does not resolve the local deliverability need and may instead create additional costs for all customers with the need for additional transmission buildout across the system.

While deliverability to the areas driving the shortfall matters in principle, a locational clearing requirement cannot be implemented properly given the compressed September-November timeline. Doing so would require locational studies and modeling that will not be completed in time, and a poorly implemented constraint would either drive clearing prices up materially or cause the RBP to clear short in exactly the constrained areas it is meant to help. Adding that complication to a one-time, compressed procurement is not worth the risk. Deliverability is better addressed through the existing CIR and deliverability requirements that RBP resources must already satisfy, and any durable locational design for capacity procurement belongs in PJM's holistic capacity market review rather than this backstop.

RBP capacity should be deliverable to the areas where the large load is located. Without a locational requirement, PJM could procure capacity that does not resolve the local deliverability need and may instead increase the need for additional transmission buildout across the system, the costs of which could be spread to non-large-load customers.

Transmission is steadily becoming a larger share of retail bills. A general locational requirement helps minimize unnecessary transmission construction and is also useful in aligning transmission cost allocation with RBP principles. Our preference would be a zonal requirement. PJM must balance minimizing the need for additional transmission construction with the need to promote capacity availability. A general zonal requirement as opposed to a hyper-localized requirement should be sufficient.

New capacity procured through the RBP should be locationally aligned and deliverable to the Large Load. This reduces the need to build additional transmission infrastructure and subsequent RTEP costs.

The RBP only backstops reliability if the capacity can actually be delivered to the load when the constraint binds. Capacity that clears in western PJM but cannot reach the MAAC or DOM LDAs at summer peak does nothing for the data center that caused the shortfall. The locational requirement should therefore track the location of the causing loads, which is simply the cost-causation principle applied to location rather than dollars.

A locational component further reduces transmission buildout. Siting backstop capacity where the load is relieves the constraint directly, avoiding the cost and multi-year lead time of new transmission to import distant capacity, and another potential cost shift onto other ratepayers.

A strict requirement does narrow the resource pool in already-short areas, so a bounded rest-of-RTO import allowance, along the lines of the 500 MW limit into combined MAAC and DOM in the second option, is a reasonable release valve. The objective is deliverable capacity that performs when it matters, not a lower-priced cleared MW figure backed by resources that cannot serve the load in an emergency.