Stakeholder Feedback on Reliability Backstop Procurement Survey Responses

Question 1	
Company Name	**Do you support PJM's proposed Reliability Backstop mechanism to commence with a bilateral match-making period followed by a central procurement? Why or why not?**
Tenaska, Inc	Tenaska supports PJM's proposed reliability backstop framework to begin with a bilateral match-making period, followed by a central procurement, as it provides a pragmatic pathway to advance projects while preserving market flexibility. That said, our participation in the central procurement phase is largely contingent on ensuring that key commercial and deliverability risks are not disproportionately allocated to developers. Tenaska's primary areas of concern include: 1. The June 1, 2031 COD requirement and the need to align timelines with technology-specific feasibility 2. Exposure to network upgrade timelines that are outside of developer control 3. The ICAP/UCAP construct, including ELCC/UCAP risk allocation 4. Avoidance of a duplicative penalty structure (i.e., exposure under both the backstop and RPM mechanisms)
MAREC Action	While members are interested in participating there are still a lot of details that need to be worked out. It also very much depends on the timing and interplay between the BRA, the RBP and Connect & Manage rules.
Corporate Energy Buyers Association (CEBA)	CEBA does not take a position at this time.
American Clean Power Association	ACP conditionally supports the RBP as a necessary transitional mechanism to address the reliability gap exposed by the 2027/28 BRA. However, the comments stop short of unqualified endorsement. ACP identifies several design features that, if unchanged, will deter participation by the resources PJM needs most, increase costs for load, and create structural inequities. The support is contingent on PJM correcting: - SIS eligibility asymmetries between the bilateral and central procurement phases; - ELCC risk allocation that is currently concentrated entirely on suppliers over 15-year terms; - The absence of a pre-qualification framework for bilateral supply BYONC eligibility; - Double collateral and double penalty exposure from stacking RBP obligations on top of RPM requirements; and - The financeability barriers that make the bilateral phase inaccessible to project-financed independent developers. The urgency of these corrections is compounded by procedural timing constraints. The 27/28 DY BYONC gate closes in February 2027 — one month before central procurement opens in March 2027 — making the bilateral phase the exclusive C&M exemption pathway for the first class of affected loads. Design deficiencies that might be tolerable as policy imperfections in a two-track system are existential barriers when the bilateral phase is the only track available.

Question 2	
Company Name	**Please provide any additional feedback on the proposed features and timeline of the bilateral contracting period of PJM's initial proposal.**
Tenaska, Inc	PJM states in its Reliability Backstop Procurement Design Presentation, April 16-17, that during the bilateral contracting period "Parties would then set terms and conditions and contract out of PJM's purview (no proforma agreements, no specific PJM requirements)". Based on this statement, Tenaska requests clarity that the central procurement requirements such as achieving a June 1, 2031 COD, a maximum term of 15 years and capacity only procurement would NOT apply to any contracts signed during this bilateral contracting period. Greater transparency on this point is critical to ensure broad participation from projects that are otherwise capable of meeting the program's objectives.
MAREC Action	As expressed by many during the meetings, there needs to be cohesion between resource eligibility for RBP and connect & manage.
Corporate Energy Buyers Association (CEBA)	N/A

Question 2	
Company Name	**Please provide any additional feedback on the proposed features and timeline of the bilateral contracting period of PJM's initial proposal.**
American Clean Power Association	ACP raises five core concerns about the bilateral phase: - SIS eligibility uncertainty. PJM has not clarified whether a resource holding Surplus Interconnection Service can serve as the supply-side counterparty to a bilateral RBP contract. This is a threshold question distinct from BRA participation — the bilateral RBP contract involves multi-year construction milestones, COD obligations, collateral, and sustained performance. Developers and buyers cannot proceed under uncertainty on a multi-year commitment. - ELCC risk. Bilateral contracts are multi-year commitments of up to 15 years, and developers face the same underlying ELCC exposure as in central procurement — but it is harder to manage. In central procurement, the shortfall penalty is at least standardized and formulaic, giving lenders a knowable worst-case to underwrite. In the bilateral phase, the consequences of ELCC-driven underdelivery are governed entirely by negotiated terms — liquidated damages, termination rights, force majeure carve-outs, or silence. Lenders must simultaneously underwrite two unbounded variables: what the resource's ELCC accreditation will be over a 15-year horizon, and what the contractual consequence of underdelivery will be. Neither has a standardized floor. The load side is also more directly exposed bilaterally than in central procurement, with no EDC intermediating between a supplier's performance shortfall and the load's C&M curtailment re-exposure. ACP recommends that system-level ELCC risk absorption apply equally to bilateral contracts, and that a PJM model bilateral contract codify that treatment explicitly. - Absence of BYONC pre-qualification. The bilateral phase lacks an explicit resource-level eligibility screen. A load may execute a bilateral contract in good faith only to discover post-hoc that its supply does not satisfy BYONC criteria. ACP recommends a defined eligibility list, a pre-qualification attestation process, and a safe harbor provision for contracts executed with PJM-confirmed BYONC-eligible resources. - Financeability. How project finance works Independent developers almost universally use non-recourse project finance to fund construction. A developer creates a special purpose vehicle (SPV) that owns a single project, raises debt at the SPV level, and the lender's recourse is limited to the assets and revenues of that SPV alone. The consequence is that the lender must be highly confident in the project's revenue stream before closing, because it has nothing else to fall back on. The bilateral RBP phase fails this underwriting standard in three compounding ways. Problem 1: The counterparty is not bankable In central procurement, PJM Settlements is the counterparty — its payment obligations are socialized across the entire PJM load base and collected through regulated transmission charges. In the bilateral phase, the counterparty is whoever the developer identified during the matchmaking window: a hyperscaler, a large industrial load, a co-op, a data center operator. Many carry no public credit rating, or ratings well below investment grade. Even the largest hyperscalers present a structurally different credit profile than a regulated utility: their capacity payment obligations are not backstopped by regulated cost recovery and compete with every other call on a corporate balance sheet across multiple economic cycles. Lenders do not have established processes for evaluating whether a given hyperscaler's balance sheet can sustain 15 years of capacity payments.

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	Problem 2: There is no standard contract Project finance lenders have developed deep institutional familiarity with standard instruments — pro forma PPAs, ISDA-based hedging agreements, RPM capacity commitments governed by PJM's tariff. The bilateral RBP phase has no equivalent. PJM has not published a model contract. Every transaction is negotiated from scratch, with terms varying deal by deal — what happens if the resource underdelivers, what triggers termination, who bears ELCC risk, how force majeure is defined. A lender must underwrite not only the project economics but the enforceability and risk allocation of a bespoke legal instrument with no established interpretive precedent. Problem 3: The revenue rationale is not confirmed at financial close The key revenue premise of a bilateral RBP project is BYONC qualification — the entire commercial rationale for the buyer entering the contract is to satisfy BYONC and secure a C&M exemption. BYONC status is not confirmed at contract execution; it is determined later, when PJM administers the relevant RPM auction. No project finance lender will close a construction loan against a contract whose revenue rationale is unconfirmed without substantial credit enhancement — a letter of credit, a sponsor equity guarantee, or third-party credit insurance — all of which increase costs. The compounding effect and market consequence These three deficiencies interact rather than stand independently. In the bilateral phase, all three problems are present simultaneously, and no individual mitigation resolves the aggregate underwriting problem. The practical result is a two-tier bilateral market: developers large enough to finance on their own balance sheet can participate; independent project-financed developers — who hold many of the most relevant queue positions — cannot. For them, the bilateral phase is not a genuine alternative to central procurement; it is an option they can see but not reach. ACP recommends PJM: (1) develop and publish a model bilateral contract with standardized payment, milestone, termination, collateral, and ELCC risk allocation provisions; (2) establish a binding BYONC certification process so that lenders can confirm the contract's revenue rationale at close; (3) explore whether PJM Settlements can serve as a credit intermediary for bilateral contracts; and (4) coordinate with state commissions on EDC credit support mechanisms. - Timing constraints make bilateral phase design fixes urgent prerequisites, not optional reforms. The 27/28 DY BYONC gate closes in February 2027 — one month before central procurement opens in March 2027. A load with 27/28 DY C&M exposure that fails to close a bilateral contract before that gate has no RBP path to a C&M exemption. Central procurement arrives structurally too late. Compounding this, TC2 GIAs — the primary supply pool for bilateral matchmaking — are not expected until Q1 2027, essentially the same date the bilateral window closes in March 2027. Developers and loads must negotiate and execute bilateral contracts simultaneously with receiving interconnection agreements, with no time for lender due diligence, legal review of bespoke contract terms, or BYONC pre-qualification confirmation. All three financeability deficiencies identified above are therefore acute practical barriers for 27/28 DY loads, not policy concerns to be addressed in subsequent design rounds. ACP recommends PJM publish guidance explicitly confirming that 27/28 DY loads cannot access central procurement for BYONC purposes, and ensure that all bilateral phase design reforms — model contract, pre-

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	qualification framework, SIS eligibility clarification — are in place before bilateral matchmaking opens in September 2026.

Question 3	
Company Name	**Please provide any additional feedback on the central procurement design and timeline of PJM's initial proposal.**
Tenaska, Inc	• Tenaska respectfully notes several concerns with the proposed Commercial Operation Date ("COD") deadline of June 1, 2031. It is our understanding that the primary objective of the procurement is to ensure that PJM secures sufficient capacity to meet reliability and resource adequacy requirements. However, the current COD requirement significantly narrows the pool of viable projects. In practice, eligible resources would largely need to originate from the TC2 interconnection queue, and even within that subset, many projects may be unable to achieve a June 1, 2031 COD. This constraint is driven by a range of factors, including permitting and approval timelines, equipment lead times, interconnection-related transmission upgrades, and inherent differences in development timelines across technologies. To better align the solicitation with these practical considerations, Tenaska proposes the adoption of technology-specific COD deadlines that reflect the differing development profiles of each resource type. Specifically, we recommend: o Thermal Resources – Q4 2032 o Battery Energy Storage Systems (BESS) – Q2 2031 Establishing differentiated COD requirements would provide developers with a more realistic pathway to participation and, in turn, support a more robust and competitive solicitation. • In addition, Tenaska has concerns regarding the requirement that Network Upgrades be completed within a project's COD timeline. While we understand the intent of ensuring deliverability, this requirement places undue risk on developers for elements that are largely outside of their control. Tenaska recommends that compliance with COD requirements be evaluated exclusive of Network Upgrade completion schedules. • Tenaska also has concerns with the requirement to contract in Unforced Capacity ("UCAP"). Because UCAP is derived from Effective Load Carrying Capability ("ELCC"), which is subject to ongoing regulatory evolution, this structure introduces material regulatory risk for developers. This risk is further compounded by PJM's anticipated transition to a sub-annual capacity framework, which may result in seasonal variability in UCAP values. Additionally, competing procurements within PJM are utilizing Installed Capacity ("ICAP") constructs, which may offer comparatively more stable and attractive terms, potentially limiting participation in this solicitation. • Additionally, Tenaska has concerns regarding the concept of contracting strictly for capacity. When developers look to finance their projects, lenders will want to see contracted revenue streams to have confidence in moving forward with financing. Given that these projects will have energy and ancillary services essentially be merchant within the market, lenders will see the uncontracted portion of the project as a risk—potentially impacting bankability of the projects. • With respect to credit requirements, Tenaska is concerned with the expectation that security be posted prior to contract award. We encourage PJM to consider a milestone-based security framework that better aligns collateral obligations with project development progress and risk maturation. • Finally, Tenaska highlights the potential for a "double penalty" structure associated with ELCC/UCAP-based obligations, whereby projects could face penalties under both the central procurement construct and the Reliability Pricing Model (RPM) for the same performance shortfall. We recommend that PJM explicitly address and eliminate the potential for overlapping penalties to ensure a fair and balanced risk framework.

Question 3	
Company Name	**Please provide any additional feedback on the central procurement design and timeline of PJM's initial proposal.**
MAREC Action	PJM is overlooking as significant source of fast UCAP by not including surplus interconnection in the eligible capacity list. Adding storage to solar projects, for example, and being able to use the existing CIRs could greatly increase available UCAP. We ask that PJM reconsider this policy. ELCC risk is considerable. PJM's own ELCC forecast has changed a lot from year to year. Expecting resources to be able to forecast ELCCs out 15 years is unreasonable. We ask that PJM consider alternatives. There are still a lot questions regarding network upgrade costs, something else that can change dramatically between studies. What happens if network upgrades are not done in time? Will the project be penalized if it cannot deliver the UCAP it committed to even if it is ready to come online? If online in energy-only mode will it be paid the contracted capacity price and will it be penalized if curtailed? Between the ELCC risk and network upgrade cost risk, developers are in a difficult position and will likely need to underestimate UCAP and overestimate upgrade costs in their offers, leading to extra costs for consumers.
Corporate Energy Buyers Association (CEBA)	CEBA urges PJM to allow surplus resources to categorically qualify as a "new" resource for the purposes of the centralized procurement design. Surplus Interconnection Service represents one of the fastest ways to interconnect new capacity because, by definition, this service is only available when network upgrades are not required to reliably interconnect the new resource. Consistent with our prior comments to PJM, CEBA believes that no option to procure new capacity should be left off the table. This includes the case where the owner of an existing capacity resource is willing to modify its facility through Surplus Interconnection Service to become a hybrid resource (such as a solar to solar + storage hybrid configuration) and, in turn, increase its available accredited capacity. Making this change would also align the RBP proposal with PJM's current proposal in the Connect-and-Manage Senior Task Force for "bring your own new capacity" (BYONC) rules—wherein a large load customer could rely upon new capacity from a surplus resource to avoid, in whole or in part, Connect-and-Manage. Apart from the CIFP-RBP discussions, CEBA urges PJM to work in parallel to revisit the current market participation rules that, in practice, limit the usefulness of Surplus Interconnection Service. Under current rules (as presented to stakeholders at the 3/24/25 IPS), a surplus resource that is added behind the same point of interconnection (POI) as an existing capacity resource can only participate as energy-only or in a hybrid configuration. This prevents a new storage resource from being co-located (as a standalone capacity resource) behind the same POI, even when the addition of that resource could maximize the total amount of accredited capacity available at that POI (within the existing CIR limit). We understand that removing this limitation would require careful review of interactions with other rules, such as the capacity market must-offer rule for existing capacity resources. CEBA thus encourages PJM to use the intervening time before March 2027 (when the centralized procurement would run) to review and revise rules as necessary to fully unlock the potential of Surplus Interconnection Service.

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Company Name	**Please provide any additional feedback on the central procurement design and timeline of PJM's initial proposal.**
American Clean Power Association	ACP raises four substantive issues: SIS exclusion from central procurement. PJM defines eligible "new" resources as those bringing new ICAP, MFO, and CIRs — explicitly excluding surplus resources. ACP argues this is a category error: the RBP procures a capacity-only UCAP product, and CIR status is irrelevant to whether a resource delivers net-new accredited capacity. SIS resources are often the most shovel-ready projects in the queue, having already resolved time-consuming interconnection milestones. Excluding them removes the most deliverable supply from the mechanism designed to address the most acute phase of the reliability shortfall. ACP recommends eligibility be extended to any resource delivering net-new UCAP not previously cleared in RPM for the committed delivery years, conditioned on a demonstrated accreditation pathway rather than transmission service classification. ELCC risk allocation. PJM places the full ELCC accreditation risk on suppliers for the entire commitment term, up to 15 years. This is structurally inappropriate: ELCC methodology is not static, wind and solar resources have experienced material accreditation volatility, and suppliers cannot predict accreditation at year 10 of a contract. This creates a three-layer cascade — the supplier absorbs shortfall penalties, the EDC holds a gap between allocated and actual UCAP, and affected loads lose BYONC exemption status — with no contractual remedy for loads since they are not parties to the RBP contract. The rational developer response is conservative bid pricing, inflating costs for ratepayers. ACP's primary recommendation is a de minimis harmless threshold: ELCC changes within 5% of contracted accreditation are absorbed by the system with no adjustment to any party's obligation, no penalty, and no revision to EDC or load BYONC allocations — fully preserving the supplier's contracted revenue and the load's BYONC showing. For declines exceeding 5%, general absorption applies: the supplier's obligation adjusts to actual accreditation, the resource participates in RPM as a $0 price-taker at the revised level, and the load's BYONC showing adjusts automatically. The key system consequence under general absorption is that degraded MWs no longer exist as deliverable UCAP and cannot be offered at any price, meaning there are fewer $0 MW bids in the BRA supply stack and the supply curve is more inelastic, producing a marginally higher clearing price that socializes the reliability cost across all load. ACP notes that even under general absorption — which removes shortfall penalties entirely — a supplier financed on the full contracted MW obligation absorbs a real revenue reduction when ELCC declines. General absorption is meaningfully better than PJM's current design but does not fully preserve the financing case; the de minimis threshold does. Double collateral and double penalty. Central procurement resources face stacked financial obligations: 20% per day shortfall penalties under the RBP on top of existing RPM non-performance penalties, and NPV-of-penalties collateral for the full contract term at execution on top of RPM credit requirements. For project-financed renewable and storage developers, the multi-year upfront collateral requirement is a significant capitalization barrier. ACP recommends RBP shortfall penalties be calibrated as a supplement to — not a duplicate of — RPM penalties, and collateral requirements be phased and milestone-linked rather than calculated against the full term at execution. C&M exposure begins inside the central procurement window. C&M curtailment begins June 1, 2027. Central procurement closes in August 2027. Central procurement results do not retroactively exempt 27/28 DY loads from C&M curtailment that begins two months earlier. This timing gap has two implications.

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	First, central procurement is not a remedy for 27/28 DY loads — not only because the BYONC gate closes before central procurement opens, but because even if a load were somehow credited with centrally procured capacity, C&M exposure would already have begun before that credit could take effect. Second, PJM must communicate clearly to 27/28 DY loads that central procurement is not an option for them. A load that waits for central procurement results before assessing its C&M exposure will have been in curtailment status for at least two months by the time those results are available. ACP recommends PJM publish explicit guidance on this point before bilateral matchmaking opens.

Question 4	
Company Name	**Is there any additional feedback that you would like to provide on PJM's Stage 1 proposal and presentation?**
Tenaska, Inc	None.
MAREC Action	We have concerns about CRA's role. Does CRA need to be involved in the details that will include very commercially sensitive data? If so, there needs to be serious ring fencing around that data and what CRA can and cannot do with it.
Corporate Energy Buyers Association (CEBA)	N/A

Question 4	
Company Name	**Is there any additional feedback that you would like to provide on PJM's Stage 1 proposal and presentation?**
American Clean Power Association	ACP's overarching concern cutting across both phases is that the ELCC risk framework is unresolved for bilateral contracts and the proposal does not include a PJM model bilateral contract — the single structural fix that would most directly address the finance ability, ELCC, and BYONC eligibility problems simultaneously. These reforms are further urgently needed given the procedural timeline: bilateral matchmaking opens in September 2026, the 27/28 DY BYONC gate closes in February 2027, and TC2 GIAs arrive essentially simultaneously with the bilateral window close in March 2027. Design reforms not in place before September 2026 will arrive too late to serve the first and most vulnerable class of C&M-affected loads. ACP recommends the following: System-level ELCC risk absorption for both phases, with two implementation options. The same ELCC risk absorption mechanism ACP recommends for central procurement should apply equally to bilateral contracts. Under ACP's proposed framework, a supplier's RBP delivery obligation would adjust downward to reflect actual accreditation in any delivery year where methodology changes cause degradation. For example, if PJM procures 100 MW of UCAP from a solar resource and that resource's ELCC accreditation later declines to 95 MW, the supplier's obligation adjusts to 95 MW — the supplier is not penalized for a methodology change outside its control, and the resource participates in RPM as a $0 price-taker at the revised level. The system absorbs the 5 MW consequence through a marginally more inelastic BRA supply curve rather than concentrating the risk on the supplier, the EDC, and ultimately the load. ACP's primary ask is a de minimis harmless threshold: ELCC changes within 5% of contracted accreditation are absorbed by the system with no adjustment to any party's obligations, no penalty, and no change to EDC or load BYONC allocations — the supplier is paid on the full contracted MW obligation and the financing case is fully preserved. For declines exceeding 5%, general absorption applies: the obligation adjusts to actual accreditation, the resource participates in RPM as a $0 price-taker at the revised level, and the load's BYONC showing adjusts automatically. Under general absorption the degraded MWs no longer exist as deliverable UCAP and cannot be offered at any price, so there are fewer $0 MW bids in the BRA supply stack and the supply curve is more inelastic, producing a marginally higher clearing price that socializes the reliability cost across all load rather than concentrating it on the supplier or load. ACP acknowledges that general absorption, while removing shortfall penalties entirely, does result in a modest revenue reduction for suppliers when ELCC declines — paid on actual accredited MWs rather than contracted MWs. It is meaningfully better than PJM's current design but does not fully preserve the financing case; the de minimis threshold does. PJM model bilateral contract. PJM should develop and publish a model bilateral contract that codifies ELCC risk allocation explicitly, along with standardized payment, milestone, termination, and collateral provisions. This is the single most important structural fix for the bilateral phase. It addresses all three financeability deficiencies simultaneously: it gives lenders a known contract framework to underwrite, provides a vehicle for codifying ELCC risk allocation in a form lenders can stress-test, and — combined with a binding BYONC certification process — resolves the revenue-rationale uncertainty that currently forecloses construction financing for project-financed developers. Given that bilateral matchmaking opens in September 2026 and TC2 GIAs arrive at the close of the bilateral window, the model contract must be published before matchmaking opens — not issued as a subsequent design refinement. Explicit resolution of SIS bilateral eligibility. PJM should resolve whether SIS resources are eligible bilateral RBP counterparties explicitly

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	rather than leaving developers and large loads to proceed under uncertainty on multi-year commitments. If SIS resources are eligible bilaterally but excluded from central procurement, that asymmetry is a design flaw PJM should correct. If they are excluded from both phases, the problem is broader and more urgent. Guidance on timing constraints for 27/28 DY loads. PJM should publish explicit guidance confirming that 27/28 DY loads cannot satisfy BYONC through central procurement, that the bilateral matchmaking phase is their exclusive RBP pathway, and that C&M curtailment beginning June 1, 2027 is not cured by central procurement results published in August 2027. This guidance should be available before bilateral matchmaking opens so that affected loads can make informed decisions at the outset of the bilateral window rather than discovering the timing constraints after committing to a strategy that cannot deliver an exemption.