VOLTUS SUBMISSION TO THE PJM BOARD
Critical Issue Fast Path Stage 4 — Reliability Backstop Procurement / Connect & Manage
June 2026

EXECUTIVE SUMMARY

Background and Context

Voltus appreciates and values the work done by PJM and the Board through the Critical Issue Fast Path process to address the capacity adequacy challenge facing the PJM system. The accelerated stakeholder process has produced a substantive framework in a compressed timeframe, and the RBP with accompanying net new provisions represent a response to an unprecedented reliability situation.

With the 2027/2028 BRA failing to meet the reliability requirement, and the long-term load forecast reflecting a tenfold increase in the annual growth rate projected just five years ago, the need for new capacity is significant and growing.

Demand response and distributed energy resources can be deployed on timescales of 3 to 24 months, providing meaningful near-term capacity alongside generation resources that may target later commercial operation dates. Enabling DR and DER to participate fully in the RBP supports both near-term reliability and the diversity of the capacity mix across the 15-year contract term.

FERC's June 2026 show cause orders to all six major RTOs and ISOs represent the latest step in the progressive recognition of the value of flexibility in the electricity system. If Order Nos. 2222, 840, 745, and 719 were about recognising the market value of flexibility, the latest show cause orders are now moving to recognise the planning value (future transmission and distribution) that flexibility provides. Getting DR and DER participation in the RBP right is therefore not only important for PJM's near-term reliability position but also positions PJM's framework as consistent with the trajectory FERC has established for the sector.

This submission summarises an alternative proposal focused on two specific aspects of PJM's current proposal. These are key areas where Voltus believes targeted amendments would improve the RBP's ability to procure capacity that can be delivered when it is needed.

Proposal 1: Aligning RBP Gating Criteria for Demand Response and DER

One of the elements of the RBP design is that the 15-year contracts provide the long-term price and volume certainty to incentivise capacity that the BRA mechanism cannot. One example of the type of investment that could be unlocked is commercial and industrial battery storage, which is difficult to finance against the BRA's short-term price signals. Analysis by Aurora Energy Research illustrates that investments in assets like gas generation and C&I battery storage require the long-term contracts and price certainty that the RBP will provide and for which the BRA alone is insufficient.

The gating criteria exist to ensure that capacity awarded 15-year contracts under the RBP is able to honor those commitments for their duration. This is the right policy objective. Both generation development and distributed flexibility development follow the same underlying investment logic: all preparatory work is completed to reach a state of readiness sufficient to bid into the auction with confidence, and the auction outcome then triggers execution. For generation developers, the gating criteria correctly reflect this: they require a signed memorandum for the acquisition of major equipment—not a completed contract—because the notice to proceed would follow the auction award. The equivalent for a DR aggregator or DER developer is the deployment of enabling infrastructure, investment in software systems required to fulfil dispatch obligations, and for storage assets, arrangements with equipment, procurement and construction partners for battery acquisition and installation.

The current gating criteria for DR and DER require executed 15-year customer agreements covering the proposed MW commitment before the CSP or aggregator aka developer of the resource has acquired price certainty to enable firm contracting. This inverts the development sequence. Customer contracts are entered into against a known price and volume, the output of the auction. Requiring them before the auction removes the commercial basis on which they would be executed. The Stage 3 and 4 PJM proposals also included in the gating criteria the requirement to show an enrollment and deployment schedule with milestones for customer acquisition, equipment installation, metering and telemetry activation, EDC coordination, and PJM registration. This requirement better reflects the actual investment and delivery cycle for DR and DER resources, and would not be necessary if completed customer contracts were also required at the gating stage.

Voltus proposes that the gating criteria for DR and DER be restructured to distinguish between pre-auction criteria, which should reflect the investment commitment made to reach auction readiness, and post-auction criteria, which should reflect the execution steps that follow a successful auction outcome. The specific amendments Voltus has

proposed in its mark-up to Design Component #13 add two criteria that are absent from the current PJM draft and reflect commercially practical pre-auction investment: evidence of investment in software development, and for DER storage, arrangements with engineering, procurement and construction partners for battery acquisition and installation. These additions strengthen the gating framework for demand-side resources, and together with the restructuring of the customer agreement requirement, bring the DR and DER criteria into alignment with the investment logic that the generation criteria already reflect.

These recommended changes to the gating criteria will enable distributed behind-the-meter resources—perhaps the only potential sources of net-new UCAP for Delivery Years 27/28 and 28/29—to actually participate in the auction.

See amendments in appendix to RBP Design Components 11c, 11d, and 13.

Proposal 2: Clarifying the Definition of Net-New DR/DER Supply to Align Incentives with RBP Goals

As currently drafted, the reference to evidence of net-new supply to decrement the RBP target relies on the BYONC eligibility rules that were contained in the Connect and Manage section of the CIFM framework. With CAM no longer an RTO-wide, PJM-administered framework, and BYONC no longer defined within PJM's CAM proposal, Voltus's amendment makes the net-new DR/DER definition standalone within RBP Design Component #9.

On substance, the Voltus amendment differs from the most recent PJM formulation of the BYONC DR/DER eligibility criteria in two respects.

First, the PJM formulation excluded locations registered in the DR Hub for either the 26/27 or 27/28 delivery years, subject to a narrow exception.

In discussions with PJM, we have raised several points to consider:

(1) Excluding the 27/28 delivery year for reactivations could provide a signal to capacity to remain out of the market for that year;
(2) The 'cleanest' approach for judging reactivations would be to look back at participation for the 26/27DY, as with the registration timeframe for that year complete, participants have already made the decision about whether to provide capacity to the system or not.

We understand that PJM prefers a two year period of not being active in DR Hub for a reactivation to be judged as 'net new'. Based on this, Voltus's wording clarifies that:

1. DR and DER capacity registering for the first time in the 27/28 delivery year is treated as net-new supply, which is the correct policy outcome: capacity that has not previously been registered in the DR Hub and that is being brought to the system for the first time is additive to the PJM system in the same way as a new generation resource.
2. To enable 'reactivated' capacity to contribute to either the 27/28DY or the 28/29DY, the wording provides for 2 year look backs prior to each of these years.
3. Incremental additions from any location registered in DY25/26 or DY26/27 which was the result of registration of new generation or storage assets at the location may be included.

These changes and clarifications ensure that the full range of genuinely additive DR and DER capacity (new registrations, reactivations, and incremental additions at existing sites from new assets) are correctly incentivized and can contribute to decrementing the RBP procurement target for all relevant years (from 2027 onwards).

Second, consistent with the allocation of costs to zones based on Summer 2028 minus Summer 2026 load additions, new large loads coming online in DY27/28 should be able to bring bilaterally-sourced net-new capacity to decrement the procurement RBP target and, through state mechanisms, avoid exposure to RBP costs. Voltus's redline to Design Component #9 ensures that 27/28 large load additions and their host zones may bring bilateral supply as an opt-out to imposed RBP cost-allocation.

APPENDIX

1. **RBP Design Component #9**

Current PJM Proposal:

PJM will set an initial target for procurement as the observed MW shortfall of the reliability requirement in the 2028/2029 BRA, calculated as the Reliability Requirement - total Cleared MW UCAP. This procurement will be at the RTO level and allocated to zone areas based on the MW of large load that area is forecasted to serve for the 2028 delivery year via table B9b of the 2026 Load Forecast (Summer 2028 value minus Summer 2026 value). Any negative values we be floored at 0.

The initial procurement targets will be lowered by new supply showings. EDCs will be requested to provide evidence (in coordination with LSE/LL) ~~to reduce the large load additions that are bringing~~ of net new capacity being brought to the system via signed contracts for new supply ~~BYONC~~, approved IRP new supply, or large load sites committed to demand side participation.

Evidence must demonstrate the load is expected to come online in the 2028/2029 DY and the generation associated with the contract will be net-new UCAP to the PJM system and online by June 1, 2032. Net-new supply that may be used to decrement the procurement target includes:
- Supply meeting the RBP eligibility criteria as described in #11-#11d
- Incremental MW from resources utilizing Surplus Interconnection Service (SIS)
- Resources that undergo fuel-switching to another more efficient fuel type that results in a higher UCAP and/or CIR uprate (incremental only)

Evidence for signed contracts for new supply:
• An ESA/TSA for load coming online in the 2028/2029 DY and a demonstrated finalized PPA compliant with PJM BYONC rules

Evidence for approved IRP supply:
• An ESA/TSA for load coming online in the 2028/2029 DY and identified Self-Supply Generation that is in a State approved IRP and has associated generation in the PJM interconnection queue or a demonstrated finalized PPA compliant with PJM BYONC rules

Evidence for large load site committed to demand side participation
• A signed contract between the large load and a Curtailment Service Provider (CSP), and a sell offer plan for the 2028/2029 BRA must be provided. Identified load that is committed to offer in the 2028/2029 2nd IA as a Demand Response resource, and will continue to be a DR resource through the 2032/2033 DY (or until the load demonstrates a finalized PPA compliant with PJM BYONC rules).

Voltus Proposal:
a) PJM will set an initial target for procurement as the observed MW shortfall of the reliability requirement in the 2028/2029 BRA, calculated as the Reliability Requirement -

total Cleared MW UCAP. This procurement will be at the RTO level and allocated to zone areas based on the MW of large load that area is forecasted to serve for the 2028 delivery year via table B9b of the 2026 Load Forecast (Summer 2028 value minus Summer 2026 value). Any negative values will be floored at 0.

b) The initial procurement targets will be lowered by new supply showings. EDCs will be requested to provide evidence (in coordination with LSE/LL) of net new capacity being brought to the system via signed contracts for new supply, approved IRP new supply, or large load sites committed to demand side participation.

c) Evidence must demonstrate the load is expected to come online in the 2027/2028 DY or 2028/2029 DY and the generation associated with the contract will be net-new UCAP to the PJM system and online by June 1, 2032. Net-new supply that may be used to decrement the procurement target includes:
- Supply meeting the RBP eligibility criteria as described in #11-#11d
- Incremental MW from resources utilizing Surplus Interconnection Service (SIS)
- Resources that undergo fuel-switching to another more efficient fuel type that results in a higher UCAP and/or CIR uprate (incremental only)
- New Load Management (Emergency or Pre-emergency DR) /DER provided the underlying locations were either: (1) newly registered in DR Hub for the first time in DY27/28; or (2) if registered previously in DR Hub (includes PSA or PRD), were (a) re-registered in DY27/28 after not being registered for either DY25/26 or DY26/27; or (b) re-registered in DY28/29 after not being registered for either DY26/27 or DY27/28; or (3) the incremental amount from any location registered in DY25/26 or DY26/27 which was the result of registration of new generation or storage assets at the location may be included.

d) Evidence for signed contracts for new supply:
• An ESA/TSA for load coming online in the 2027/2028 DY or 2028/2029 DY and a demonstrated finalized PPA compliant with ~~PJM BYONC rules~~item (c) above

e) Evidence for approved IRP supply:
• An ESA/TSA for load coming online in the 2027/2028 DY or 2028/2029 DY and identified Self-Supply Generation that is in a State approved IRP and has associated generation in the PJM interconnection queue or a demonstrated finalized PPA compliant with ~~PJM BYONC rules~~item (c) above

f) Evidence for large load site committed to demand side participation
• A signed contract between the large load and a Curtailment Service Provider (CSP), and a sell offer plan for the 2028/2029 BRA must be provided. Identified load that is committed to offer in the 2028/2029 2nd IA as a Demand Response resource, and will continue to be a DR resource through the 2032/2033 DY (or until the load demonstrates a finalized PPA compliant with ~~PJM BYONC rules~~item (c) above).

2. **RBP Design Component #11c**

Current PJM Proposal:
New Annual Demand Resources and DER Capacity Aggregation Resources are eligible, with locations that have not previously participated in PJM's RPM or new demonstrated capability from generation or storage at a pervious site. DR Sell offer for the RBP would be required to provide identified locations & contracts of participating assets for length of fixed 15 year term. Stringent gating criteria will be applied to ensure site-specific viability (no "marketing plan" projects).

Voltus Proposal:
New Annual Demand Resources and DER Capacity Aggregation Resources are eligible, with locations that have not previously participated in PJM's RPM or new demonstrated capability from generation or storage at a previous site. ~~DR Sell offer for the RBP would be required to provide identified locations & contracts of participating assets for length of fixed 15 year term.~~ Stringent gating criteria will be applied to ensure ~~site-specific~~ viability (no "marketing plan" projects).

3. **RBP Design Component #11d**

Current PJM Proposal:
Both generation-backed and DR-backed DER Capacity Aggregation Resource are eligible. These must participate in the PJM Energy Market via the DER Aggregator Participation Model. These sellers would be required to provide identified locations and contracts of participating assets for length of fixed 15 year term. Stringent gating criteria will be applied to ensure site-specific viability (no "marketing plan" projects).

Voltus Proposal:
Both generation-backed and DR-backed DER Capacity Aggregation Resource are eligible. These must participate in the PJM Energy Market via the DER Aggregator Participation Model. ~~These sellers would be required to provide identified locations and contracts of participating assets for length of fixed 15 year term~~. Stringent gating criteria will be applied to ensure ~~site-specific~~ viability (no "marketing plan" projects)

4. **RBP Design Component #13**

Current PJM Proposal:

2-Stage Selection Process
Stage 1: Gating criteria pass/fail evaluation
Stage 2: Selection based on levelized cost over the term. PJM will select resource based on COD up to the RTO target MW value in least-cost order.

Stage 1 Gating Evalution
To validate the required COD of June 1, 2032 or earlier, the following threshold criteria will be used. Resources that cannot produce the following evidence of project feasibility will not pass through the gating stage.
Generation and energy storage resources must provide:
• Critical path construction schedule showing how COD will be achieved, with attestation. A project in TC2 and earlier must provide study information and timeline from its most current PJM study. A project in Cycle 1, the Expedited Interconnection Track, or not under study must provide study information and timeline from an independent consultant report.
• Evidence of site control consistent with PJM Tariff Part VII, Subpart A, Section 302, and PJM Tariff Part VIII, Subpart A, Section 402.
• Financing plan – provide identification of financing sources (e.g., project finance, balance sheet, tax equity, sponsor equity), the current status of any financing commitments or term sheets, and a general description of the capital structure and expected timeline to financial close.
• Permitting plan – provide a list of all applicable permits, current status, and timeline to obtain each.
• Signed memorandum for the acquisition of major equipment, invoices or agreements to acquire major equipment, or other documentary evidence that major equipment has been procured.
• Evidence of experience having constructed a previous project of similar size and technology, or contract with an EPC partner with such experience.
• For natural gas resources, evidence of delivery infrastructure arrangements in the form of a notice of intent or attestation of pipeline capacity expansion to support the new project.
• Project must be electrically located in or have firm transmission into PJM. Projects located outside of PJM must provide evidence of (a) a completed facilities study or equivalent under the host RTO's or utility's interconnection process, and (b) long-term firm point-to-point transmission service, or a confirmed transmission service request with a completed system impact study, sufficient to deliver capacity to the PJM border.

Demand Response (DR) and Distributed Energy Resources (DER) must provide:
• Identified locations by Zone / Sub-Zone and aggregate capacity for DR or DER bids that are electrically located within PJM.
• For DER, identification of applicable EDC interconnection/distribution impact study requirements and a plan to initiate on a timeline consistent with the proposed delivery date. For DR, identification of EDC coordination requirements for metering, telemetry, and baseline measurement infrastructure.
• Evidence of prior DR/DER registration and performance in PJM or an equivalent organized market, including historical performance during PJM Performance Assessment Intervals (PAIs) or equivalent dispatch events.

• Enrollment & deployment schedule showing milestones for customer acquisition, equipment installation, metering/telemetry activation, EDC coordination, and PJM registration.
• Executed customer agreements or binding commitments (not LOIs) covering the proposed MW commitment, with identified locations, customer names, and expected curtailment/injection capability per site.
• Equipment procurement plan or evidence of deployed enabling infrastructure (metering, telemetry, load control, SCADA/dispatch systems, or DER major equipment as applicable).

PJM will allow for 5 business days within the gating stage for projects to cure any deficiencies in the information provided before not passing a project through to selection. This cure period will begin once PJM notifies the project applicant of a deficiency.
~~The following threshold criteria will be used to validate the required COD by June 1, 2032, or earlier, inclusive of expected network upgrades. Resources that cannot produce this evidence of project feasibility will not pass through the gating stage:~~
~~• Critical path construction schedule showing how COD will be achieved, with attestation~~
~~• Site control for generation resources~~
~~• Identified locations and contracts for DR or DER bids~~
~~• Financing plan~~
~~• Permitting plan~~
~~• Signed memorandum for the acquisition of major equipment, invoices of or agreements to acquire major equipment, or other documentary evidence that major equipment has been procured~~
~~• Experience having constructed a previous project of similar size and technology~~
~~• Fuel delivery arrangements (if applicable)~~
~~• Project must be electrically located in or have firm transmission into PJM~~

Voltus Proposal:
2-Stage Selection Process
Stage 1: Gating criteria pass/fail evaluation
Stage 2: Selection based on levelized cost over the term. PJM will select resource based on COD up to the RTO target MW value in least-cost order.

Stage 1 Gating Evaluation
To validate the required COD of June 1, 2032 or earlier, the following threshold criteria will be used. Resources that cannot produce the following evidence of project feasibility will not pass through the gating stage.
Generation and energy storage resources must provide:
• Critical path construction schedule showing how COD will be achieved, with attestation. A project in TC2 and earlier must provide study information and timeline from its most current PJM study. A project in Cycle 1, the Expedited Interconnection Track, or not under study must provide study information and timeline from an independent consultant report.
• Evidence of site control consistent with PJM Tariff Part VII, Subpart A, Section 302, and PJM Tariff Part VIII, Subpart A, Section 402.

• Financing plan – provide identification of financing sources (e.g., project finance, balance sheet, tax equity, sponsor equity), the current status of any financing commitments or term sheets, and a general description of the capital structure and expected timeline to financial close.
• Permitting plan – provide a list of all applicable permits, current status, and timeline to obtain each.
• Signed memorandum for the acquisition of major equipment, invoices or agreements to acquire major equipment, or other documentary evidence that major equipment has been procured.
• Evidence of experience having constructed a previous project of similar size and technology, or contract with an EPC partner with such experience.
• For natural gas resources, evidence of delivery infrastructure arrangements in the form of a notice of intent or attestation of pipeline capacity expansion to support the new project.
• Project must be electrically located in or have firm transmission into PJM. Projects located outside of PJM must provide evidence of (a) a completed facilities study or equivalent under the host RTO's or utility's interconnection process, and (b) long-term firm point-to-point transmission service, or a confirmed transmission service request with a completed system impact study, sufficient to deliver capacity to the PJM border.

Demand Response (DR) and Distributed Energy Resources (DER) must provide:
~~• Identified locations by Zone / Sub-Zone and aggregate capacity for DR or DER bids that are electrically located within PJM.~~
• For DER, identification of applicable EDC interconnection/distribution impact study requirements and a plan to initiate on a timeline consistent with the proposed delivery date. For DR, identification of EDC coordination requirements for metering, telemetry, and baseline measurement infrastructure.
• Evidence of prior DR/DER registration and performance in PJM or an equivalent organized market, including historical performance during PJM Performance Assessment Intervals (PAIs) or equivalent dispatch events.
• Evidence of investment in software development needed to fulfill dispatch requirements
• (for DER storage) Arrangements with equipment suppliers/ engineering procurement and construction providers, for battery acquisition and install

• Enrollment & deployment schedule showing milestones for customer acquisition, equipment installation, metering/telemetry activation, EDC coordination, and PJM registration.

~~• Executed customer agreements or binding commitments (not LOIs) covering the proposed MW commitment, with identified locations, customer names, and expected curtailment/injection capability per site.~~
• Equipment procurement plan or evidence of deployed enabling infrastructure (metering, telemetry, load control, SCADA/dispatch systems, or DER major equipment as applicable).

PJM will allow for 5 business days within the gating stage for projects to cure any deficiencies in the information provided before not passing a project through to selection. This cure period will begin once PJM notifies the project applicant of a deficiency.

5. **CAM Design Component #3**

Current PJM Proposal:

N/A: Determined by PJM States and relevant industry partners (e.g., Eligible Customers/Network Customers that are EDCs/LSEs)

PJM will provide guidance for States and relevant industry partners (e.g., Eligible Customers/Network Customers that are EDCs/LSEs) on what may be considered new capacity that aligns with the Reliability Backstop Procurement Initiative.
~~Supply: New UCAP MW of supply included in the 2027/2028 3rd Incremental RPM auction and later DY BRA/IA that has not cleared in a prior DY BRA/IA;~~
~~For a given resource type BYONC UCAP must be >= Large Load (FPR% of Load) for initial year only.~~
~~Includes the following:~~
~~- new build~~
~~- uprates (incremental ICAP/CIRs only)~~
~~- CIRs transferred from a deactivated resource or a resource that has announced deactivation as of April 10, 2026;~~
~~- Repowering of deactivated generators that have retired as of April 10, 2026;~~
~~- Surplus interconnection (incremental only)~~
~~- Resources that undergo fuel-switching to another more efficient fuel type that results in a higher UCAP and/or CIR uprate (incremental only)~~
~~Excludes the following:~~
~~-Restoration of previous DY capacity deficiencies (ex. failed tests) do not qualify for BYONC~~
~~-Existing resources operating in under either a Reliability Must Run (RMR) agreement or a Federal Power Act, Section 202(c) Order for continued operation beyond a planned retirement date do not qualify for BYONC~~
~~- Delayed retirements do not qualify for BYONC~~

~~DR/DER: New Load Management (Emergency or Pre-emergency DR) /DER. Any location that was not registered in DR Hub (includes PSA or PRD) for either the 26/27 or 27/28 DY unless the location represents a large load that was registered in a zone where there was a large load adjustment for the 27/28 DY for the first time in the 27/28 DY or the incremental amount from any location registered in 26/27 or 27/28 which was the result of registration of new generation or storage assets at the location. The UCAP is equal to the capacity committed through an RPM auction. UCAP used to offset C&M will be calculated annually based on registrations that are approved for such DY by 4/1 prior to the DY.~~

Voltus Proposal:

N/A: Determined by PJM States and relevant industry partners (e.g., Eligible Customers/Network Customers that are EDCs/LSEs)

PJM will provide guidance for States and relevant industry partners (e.g., Eligible Customers/Network Customers that are EDCs/LSEs) on what may be considered new capacity that aligns with the Reliability Backstop Procurement Initiative. <u>The guidance will</u>

take into account the criteria for net-new supply that may be used to decrement the RBP procurement target and the criteria for BYONC eligibility developed through the stakeholder process.