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Memorandum

Subject: E-Cubed Policy Associates, LLC Connect and Manage Package

From: Paul M. Sotkiewicz, Ph.D.

To: PJM Members Committee and PJM Board of Managers

CC: All Other Interested Stakeholders

Date: June 23, 2026, presented June 30, 2026

INTRODUCTION

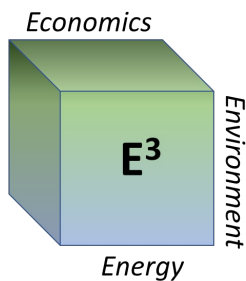
E-Cubed Policy Associates, LLC (“E-Cubed”) appreciates the opportunity to provide this memorandum regarding its proposal for the so-called “Connect and Manage” (“C&M”) proposal in the current Critical Issue Fast Path - Reliability Backstop Procurement / Connect & Manage process (“CIFP”).

First, E-Cubed appreciates PJM’s internalization of the broad feedback provided by the Members and other interested stakeholders regarding PJM’s jurisdictional authority and limits. The updated PJM proposal for C&M is far more solidly based upon its own and FERC jurisdictional authority. PJM’s updated C&M Stage 4 proposal appropriately places the decision on how large loads will be managed by Transmission Owners (“TOs”) and Electric Distribution Companies (“EDCs”) that are overseen by state regulatory commissions for the purposes of retail ratemaking, terms, and conditions of service.

Second, the shifting of responsibilities for determining the ordering of load curtailment priorities to the TOs and EDCs is entirely consistent NERC reliability standards in emergency operations in EOP-011-4 which is attached to this memo as an appendix. While PJM as the NERC defined Balancing Authority (“BA”) and Reliability Coordinator (“RC”) under EOP-011-4 and is responsible for maintaining bulk power system reliability is necessary through load shedding directives as necessary, the means by which that happens is the responsibility of TOs and EDCs in how to best carry out those PJM directives.

E-CUBED PROPOSAL DIFFERENCES FROM PJM

While E-Cubed largely adopts the changes made by PJM as enumerated in its Stage 4 C&M proposal, E-Cubed offers the following package differences as an improvement to what PJM has proposed.



Define large loads as any load greater than or equal to 10 MW.

To date many data centers and manufacturing large loads are below the 50 MW threshold. The main purpose of the PJM package is to provide greater information and transparency to PJM and affected TOs, EDCs, and state commissions. From an economic perspective, by defining large loads as 50 MW or greater, given what we know about the size of these loads today, new large loads could build at scale to just get under the 50 MW threshold and avoid information revelation. This does not help PJM, nor affected TOs, EDCs, or state commissions.

Further, this 10 MW threshold is consistent with SPP's definition of large loads connecting at 69 kV and below as recently approved by FERC which has been held up as the model to follow in the just released Show Cause Order in EL26-67.

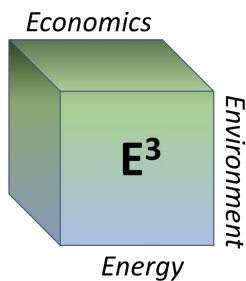
Finally, reducing the size of the large load definition to 10 MW or greater is more consistent with the need for even the smallest generation resources proceeding through the PJM interconnection queue to provide transparent information to the market. Large load should be no different.

Defining Voluntary C&M Loads and MW

- 1) **Load Reductions of voluntary C&M MW will be implemented consistent with the terms and condition of the retail tariff under which the voluntary C&M load operates.** Other reductions of large loads identified during RTO Energy Shortages will be conducted according to the TO and EDC load shed plan consistent with NERC EOP-011-4.
- 2) **When receiving a voluntary C&M reduction MW quantity, the TO will take action to initiate and complete the reduction within 30 minutes consistent with short notice DR.** There is no reason to hold voluntary C&M load curtailments to a higher standard than the quickest responding Demand Resources that must respond within 30 minutes. Further, it is not clear that such reductions are physically feasible within 10 minutes if the large load has the option to run back-up generation to reduce its load voluntarily.

More Detailed Large Load Information for Better Visibility

- 1) The TO/EDC will provide PJM any necessary EMS information and real-time telemetry **including telemetry on individual large loads consistent with ideas in EL26-67 Show Cause Order.** One of the issues SPP has noted is that large loads operate differently from more dispersed residential and commercial loads, and thus it is appropriate for large load to provide real-time telemetry to the TOs or directly to PJM to more efficiently and reliably operate the system. These large



loads should be treated no differently than any generation resource under PJM's dispatch operations.

- 2) **TOs and EDCs will provide PJM with the quantity (MW) and location of voluntary C&M load to be reduced as directed under state commission approved retail tariff.** PJM will develop new and/or existing Emergency Procedures (Alerts and Warnings) to be adjusted as appropriate to provide advanced notice voluntary C&M may be reduced. This will be documented in Manual 13. Given the size of large loads, PJM having a listing of loads by location that can be curtailed as directed by the state commission policies helps more efficiently and reliably manage the transmission system in real time operations as PJM approaches emergency conditions.
- 3) When PJM issues this new Emergency Procedure Action, **the applicable TOs will be sent a voluntary C&M reduction MW quantity that will be no greater than the identified voluntary C&M MW.** This MW quantity will be updated on a periodic basis, as necessary.

Treatment of Voluntary C&M in the PJM Energy Market

The reduction in voluntary C&M MW is priced at a minimum of \$1000/MWh or the energy price at the time of the voluntary curtailment to ensure prices are consistent with system conditions. Presumably the voluntary C&M MW are being reduced due to impending emergency conditions, and this should be treated as being offered at the market-based energy offer cap of \$1000/MWh or the going price in the zone in which it is called to reflect congestion and/or reserve shortage conditions. In effect, the voluntary C&M should be treated as Price Responsive Demand ("PRD") for the purposes of price setting in the energy market.