

## **Notice of PJM Transmission Owners Consultation with the Members Committee Regarding Proposed Revisions to the PJM Tariff**

**October 9, 2026**

Pursuant to Section 7.3.2 of the Consolidated Transmission Owners Agreement (“CTOA”) and Section 9.1(b) of the PJM Interconnection, L.L.C. (“PJM”) Open Access Transmission Tariff (“Tariff”), the Transmission Owners Agreement Administrative Committee (“TOA-AC”) hereby initiates consultation with the PJM Members Committee regarding consideration of proposed revisions to the PJM Tariff to address the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) June 18, 2026 show cause order issued in Docket No. EL26-67-000 along with the compliance obligation imposed on the PJM Transmission Owners in the Commission’s June 18, 2026 order in the PJM co-located load proceedings, Docket Nos. EL25-49-000, *et al.* As discussed further herein, the proposed revisions to the Tariff may also include a cost allocation methodology associated with PJM’s proposed consolidated generation and transmission service process. The PJM Transmission Owners have committed to submit their proposed revisions to address the concerns identified by the June 18, 2026 order issued in Docket No. EL26-67-000 via a Federal Power Act (“FPA”) Section 205 filing on or before November 16, 2026.

### **Background**

On December 18, 2025, the Commission issued an order in Docket Nos. EL25-49-000, *et al.*, pursuant to Section 206 of the FPA, finding the PJM Tariff unjust and unreasonable because it does not contain provisions addressing with sufficient clarity or consistency the rates, terms, and conditions of service that apply to generators serving Co-Located Load and Eligible Customers taking transmission service on behalf of Co-Located Load (the “December 18 Order”).<sup>1</sup> The Commission directed PJM to submit revisions to its Tariff to require that Eligible Customers taking transmission service on behalf of the Co-Located Load have the option to pursue one of three new transmission services. The Commission also established a paper hearing to determine the just and reasonable rates, terms, and conditions for these new transmission services. In response to the December 18 Order, the PJM Transmission Owners submitted an initial brief on February 23, 2026, a joint response to PJM’s initial brief on March 25, 2026, and a reply brief on April 24, 2026.

On June 18, 2026, the Commission addressed the rates, terms, and conditions for the required new transmission services as developed through the paper hearing submissions (the “Co-Located Load Order”). The Commission accepted certain aspects of the proposals, rejected others, and directed PJM and the PJM Transmission Owners to submit compliance filings. On August 14, 2026, the Commission granted the PJM Transmission Owners’ request for an extension of time to comply with the Co-Located Load Order until November 16, 2026.

Also, on June 18, 2026 in Docket No. EL26-67-000, the Commission issued a show cause order under FPA Section 206 directing PJM and the PJM Transmission Owners to either (1) show cause why the PJM Tariff remains just and reasonable and not unduly discriminatory without provisions governing how Large Loads connect to and receive service from the transmission system, or (2) explain what changes to the PJM Tariff would be needed to remedy the Commission’s concerns if the Commission were to

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<sup>1</sup> All capitalized terms that are not otherwise defined herein shall have the meaning set forth in the PJM Tariff or the CTOA.

determine that the Tariff has in fact become unjust and unreasonable or unduly discriminatory or preferential and, therefore, proceeds to establish a replacement Tariff (the “PJM Show Cause Order,” and together with the Co-Located Load Order, the “Large Load Orders”). With respect to provisions governing how Large Loads connect to and receive service from the transmission system, the Commission was specifically concerned that the Tariff does not contain provisions addressing: (a) the application process, study procedures, and ongoing operational requirements that apply to Eligible Customers seeking transmission service on behalf of Large Loads; (b) additional transparency concerning the network upgrade costs to provide transmission service to Eligible Customers on behalf of Large Loads, as well as a *pro forma* cost recovery agreement (“CRA”) between PJM, the relevant transmission owner, and Eligible Customer taking transmission service on behalf of the Large Load to mitigate the risk of cost shifting among transmission customers, and a mechanism to ensure such payments are appropriately credited toward transmission owners’ transmission revenue requirements consistent with the Commission’s cost-of-service regulations; (c) transmission services that reflect Eligible Customers taking transmission service on behalf of flexible large loads that are willing and able to limit their use of the transmission system under certain conditions; and (d) the rates, terms, and conditions of service applicable to interconnection customers serving electrically proximate large load or Co-Located Load.

The Commission recognized that PJM or the transmission owners (to the extent the matters addressed in the PJM Show Cause Order implicated aspects of the Tariff over which they have the filing rights) may elect to address some or all of the issues discussed in the order by proposing revisions to the Tariff pursuant to their applicable FPA Section 205 filing rights. Indeed, FERC strongly encouraged PJM and the transmission owners to do so and, in which case, the Commission would consider requests to hold the show cause proceeding in abeyance for up to 90 days after the 60-day response deadline in order to afford time to develop appropriate Section 205 filings. Both PJM and the PJM Transmission Owners submitted requests indicating that they intended to prepare and submit FPA Section 205 filings in response to the issues identified in the PJM Show Cause Order and requesting a 90-day abeyance. The Commission granted these requests, making the PJM and PJM Transmission Owner Section 205 filings due by November 16, 2026.

### **The PJM Transmission Owners’ Proposed Revisions**

The PJM Transmission Owners have exclusive and unilateral rights regarding the cost allocation and rate design provisions of the PJM Tariff.<sup>2</sup> Consistent with those rights, the PJM Transmission Owners are preparing one or more FPA Section 205 filings to address the cost allocation and rate design issues associated with the Commission’s Large Load Orders and PJM’s proposed consolidated generation and transmission service process. The PJM Transmission Owners are considering FPA Section 205 filings that may contain the following proposals:

#### **A. *Pro Forma* Cost Recovery Agreement**

In the PJM Show Cause Order, the Commission preliminarily found that, to prevent unjust and unreasonable cost shifting among transmission customers, PJM, the relevant transmission owner, and the Eligible Customer should be required to enter into a CRA to obligate the Eligible Customer to make a minimum contribution toward the transmission owner’s revenue requirement if the anticipated Large Load

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<sup>2</sup> See *Neptune Regional Transmission System, LLC and Long Island Power Authority v. PJM Interconnection, L.L.C.*, 175 FERC ¶ 61,247, at P 47 (2021). See also *PPL Electric Utils. Corp., et al.*, 177 FERC ¶ 61,123, at PP 34, 36 (2021).

does not materialize or ultimately takes less transmission service than expected. FERC explained that this requirement is intended to ensure that the Eligible Customer, rather than other transmission customers, bears the costs of transmission driven by the Large Load (*i.e.*, the costs incurred to provide them with the requested transmission service). The Commission further preliminarily found that the minimum contribution required pursuant to such a CRA should be based on the level of jurisdictional transmission service (in MW) requested by the Eligible Customer on behalf of the Large Load and that the CRA should include a credit support (or other financial security) requirement sufficient to secure the obligations of the Eligible Customer taking transmission service on behalf of a Large Load to pay the amounts owed pursuant to the CRA.

In response to these preliminary findings in the PJM Show Cause Order, the PJM Transmission Owners are developing and intend to file a *pro forma* CRA applicable to Eligible Customers taking transmission service on behalf of Large Loads. The PJM Transmission Owners are considering a term that extends 10-20 years following the date when the customer begins taking transmission service, including appropriate security posting obligations. The PJM Transmission Owners invite member comment on this issue.<sup>3</sup> The CRA will impose a minimum commitment towards the applicable transmission owner's revenue requirement, to be calculated based on the transmission owner's formula rates for firm transmission service and the amount that would be charged to the customer pursuant to that rate multiplied by the customer's contractual commitment for transmission service. To the extent that the customer fails to take service equal to its minimum commitment threshold, the customer will be assessed a make-whole charge representing the difference between its minimum commitment threshold and its contractual commitment to payments for service over a specified interval. Any payments made by an Eligible Customer to a transmission owner pursuant to the CRA (or by a Large Load to a transmission owner pursuant to other voluntary, non-*pro-forma* agreements discussed below) will be appropriately credited toward the transmission owners' transmission revenue requirement consistent with the Commission's cost-of-service regulations.

The CRA will also contain credit support requirements (*e.g.*, a letter of credit or another form of security acceptable to the transmission owner) with a term equal to the term of the CRA, in order to secure the customer's minimum commitment and make-whole payment obligations.

The PJM Transmission Owners are considering the inclusion of Tariff provisions that allow for the continued use and/or grandfathering of non-*pro-forma* agreements under certain circumstances. Such circumstances could include instances in which a transmission owner or electric distribution company enters into an agreement with a Large Load customer, particularly where such agreement contains minimum revenue requirement contribution and collateral provisions reasonably comparable to those in the *pro forma* CRA.

## **B. Rates For New Transmission Services for Co-Located Load and Large Load**

In the PJM Show Cause Order, the Commission specifically asked PJM to explain whether the Tariff remains just and reasonable without extending the three new services for Co-Located Load customers (*i.e.*, Interim Network Integration Transmission Service, Firm Contract Demand transmission

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<sup>3</sup> The PJM Transmission Owners will coordinate with PJM regarding the provision of security for the customer's estimated cost responsibility during construction, prior to the customer's facility entering service.

service, and Non-Firm Contract Demand transmission service) to Eligible Customers taking service on behalf of flexible and electrically proximate Large Loads.

The PJM Transmission Owners understand that PJM intends to offer Eligible Customers taking transmission service on behalf of Large Load customers the three transmission services developed for Co-Located Load customers in Docket Nos. EL25-49-000, *et al.*, with substantially the same requirements for protective systems and operational compliance. As ordered by the Commission in the December 18 Order and further developed in the paper hearing record, those services are: (i) Firm Contract Demand transmission service, which is intended for the portion of load that will rely on the transmission system under normal operating conditions and for which Network Upgrades are planned and built; (ii) Non-Firm Contract Demand transmission service, a limited, supplemental service intended to provide as-available transmission capacity; and (iii) Interim Network Integration Transmission Service (“Interim NITS”), a non-firm service available while Network Upgrades needed to provide full NITS are being constructed. Additionally, the PJM Transmission Owners understand that PJM plans to propose a fourth new transmission service, “Fractional Network Integration Transmission Service (“Fractional NITS”), a firm service, based on available system capacity, provided while Network Upgrades needed to provide the full amount of service requested are being constructed.

## **1. Firm Contract Demand Transmission Service**

The PJM Transmission Owners’ proposed rates for Firm Contract Demand transmission service will be those set forth in the Transmission Owners’ reply brief in Docket Nos. EL25-49-000, *et al.* The rate for Firm Contract Demand transmission service will be calculated in a manner essentially identical to the existing NITS rates, using each applicable transmission owner’s specific methodology for NITS customers. The Commission agreed with this approach in the Co-Located Load Order, finding it just and reasonable to base the Firm Contract Demand rate on zonal NITS rates and underlying NITS revenue requirements because both services provide a similar level of firm transmission service and PJM will plan the transmission system to provide both on a firm basis.

For zones in which NITS rates are determined pursuant to Attachment H formula rates, the monthly demand charge is calculated as follows:  $MDC = FCDTSA \times RTZ / 12$ , where MDC is the monthly demand charge, FCDTSA is the Firm Contract Demand Transmission Service Amount in MW as specified in the Eligible Customer’s Service Agreement, and RTZ is the applicable zonal NITS rate stated in dollars per MW-year. For purposes of establishing RTZ under Attachment H, the annual peak of the zone shall include both Network Customer Loads and the Firm Contract Demand transmission service amounts for all Eligible Customers taking Firm Contract Demand transmission service in the zone during the applicable peak period. For zones in which NITS rates are not established based on formula rates, the Eligible Customer shall pay a monthly demand charge based on its contracted MW amount multiplied by a zonal-specific Firm Contract Demand rate filed with FERC pursuant to FPA Section 205.

Consistent with the Commission’s findings in the Co-Located Load Order, all ancillary services other than regulation and black start will be charged based on the Eligible Customer’s contract demand, while regulation and black start services will be assessed on a gross demand basis — reflecting the Commission’s determination that all Co-Located Loads rely on those services regardless of the extent to which they withdraw energy from the transmission system. PJM will procure capacity for Firm Contract Demand customers and will plan the transmission system to serve them at their contract demand level; accordingly, capacity-related charges will be based on the customer’s Unforced Capacity Obligation.

Eligible Customers will also be responsible for applicable administrative service charges, redispatch costs under Attachment K, and Transmission Enhancement Charges for which they are designated as Responsible Customers under Schedule 12.

Revenue credits from Non-Firm Contract Demand transmission service revenues will be applied each month to offset gross Firm Contract Demand charges on a pro rata basis, consistent with the crediting mechanisms previously approved in PJM's Tariff. Firm Contract Demand transmission service has a minimum one-year term and is subject to PJM's anti-toggling mechanism — which prohibits, for a period of five years, an Eligible Customer from switching any portion of load served by Firm Contract Demand transmission service to Non-Firm Contract Demand transmission service — and a 42-month termination-notice requirement, consistent with the notice provisions applicable to Network Customers.

## **2. Non-Firm Contract Demand Transmission Service**

In the Co-Located Load Order, the Commission found that the PJM Transmission Owners' original proposal to set the maximum Non-Firm Contract Demand rate equal to the Firm Contract Demand rate had not been shown to be just and reasonable, because Non-Firm Contract Demand transmission service is non-firm, is curtailed prior to Firm Contract Demand transmission service and NITS, and is therefore an inferior service that should not be priced at the same maximum rate. The Commission further found that pricing Non-Firm Contract Demand transmission service at the same rate as Firm Contract Demand transmission service is inconsistent with cost causation principles and directed the PJM Transmission Owners to propose either a lower maximum rate or non-discriminatory discounts, with transparent charge calculations for each individual transmission customer.

In compliance with that directive, the PJM Transmission Owners are considering setting the Non-Firm Contract Demand rate as a discounted rate established as a function of the zonal Firm Contract Demand Service rate and the transmission system load factor for a zone. The rationale for this approach is that the transmission system is built to a peak driven by firm load. The difference between zonal annual energy and zonal annual energy at a 100% load factor represents a proxy for the "excess capacity" for which non-firm load is not responsible. Accordingly, a lower zonal load factor indicates relatively more spare capacity and justifies a higher discount, and vice versa.

This methodology is transparent and non-discriminatory, as it relies on publicly available PJM zonal data, such as peak loads and net energy figures from PJM's Long-Term Load Forecast, and applies a consistent calculation across all PJM zones.

## **3. Interim Network Integration Transmission Service and Fractional Network Integration Transmission Service**

On August 17, 2026, the PJM Transmission Owners submitted a filing in partial compliance with the Commission's Co-Located Load Order. In that partial compliance filing, the PJM Transmission Owners submitted new and revised tariff records to establish the rate for Interim NITS in Docket No. ER26-3537-000. The filing was a companion filing to PJM's August 17, 2026 filing of the Tariff terms and conditions for Interim NITS. The PJM Transmission Owners intend to propose limited modifications to the language contained in that compliance filing to account for the provision of this service to Eligible Customers taking service on behalf of Large Load customers, as well as to reflect implementation of Firm and Non-Firm Contract Demand services.

Interim NITS is a temporary, non-firm transmission service available to an Eligible Customer that has requested NITS but cannot yet reliably receive it because the Network Upgrades necessary to provide permanent NITS are not yet complete. The Commission found that Interim NITS is an optional service, available only to the extent PJM determines – in consultation with the affected transmission owner – that some level of interim service can be reliably provided based on the results of appropriate studies. Once the required Network Upgrades are completed and integrated with the PJM transmission system, the Eligible Customer automatically converts to Network Customer status and begins taking permanent NITS. Interim NITS may not be combined with Firm Contract Demand transmission service or Non-Firm Contract Demand transmission service.

As with Firm Contract Demand transmission service, the PJM Transmission Owners' proposed rates for Interim NITS are the same as those applicable to Co-Located Load customers under the PJM Transmission Owners' filings in Docket Nos. EL25-49-000, *et al.* Under the Illustrative Tariff Sheets filed in Docket Nos. EL25-49-000, *et al.*, the monthly demand charge for Interim NITS is calculated as the Eligible Customer's measured demand amount in MW multiplied by the applicable zonal NITS rate established pursuant to Tariff Section 34.1. This is the same rate methodology that applies to permanent NITS customers, consistent with the Commission's finding that Eligible Customers taking Interim NITS should pay the NITS rate. However, because Interim NITS is an interruptible service, capacity will not be procured on behalf of Interim NITS customers and generation capacity charges will not be assessed until such time as the Network Upgrades are in place to serve them.

Interim NITS customers will also pay: (i) applicable administrative service charges under PJM Tariff Schedules 1A, 9, and 10; (ii) ancillary service charges, including regulation charges and black start service charges; and (iii) redispatch costs. Revenue credits from Non-Firm Contract Demand transmission service revenues will be applied to offset the gross Interim NITS monthly demand charge, consistent with the crediting methodology applicable to other firm and non-firm service customers.

As noted above, the PJM Transmission Owners understand that PJM intends to also implement another new transmission service available to Eligible Customers taking service on behalf of Co-Located Loads and Large Loads known as Fractional NITS. The PJM Transmission Owners understand that Fractional NITS will allow Eligible Customers to take firm transmission service, based on available system capacity, pending the completion of upgrades necessary to provide the Eligible Customer its full level of requested service. Assuming that PJM does file to implement a Fractional NITS service, and FERC accepts it, the PJM Transmission Owners intend to propose to adopt the same rate design for Fractional NITS as Interim NITS – that is, the Eligible Customer's measured demand amount in MW multiplied by the applicable zonal NITS rate established pursuant to Tariff Section 34.1.

### **C. Financial Penalties**

In the Co-Located Load Order, the Commission determined that it is just and reasonable to impose financial penalties on Eligible Customers in any circumstance where the transmission customer uses a transmission service that it has not reserved. Accordingly, the Commission directed the PJM Transmission Owners to effectuate on compliance the PJM Transmission Owners' proposed framework for financial penalties for Eligible Customers taking one of the three new transmission services that withdraw from the transmission system in excess of their contract demand level (*i.e.*, for unreserved use).

The PJM Transmission Owners intend to file their proposed financial penalty framework approved by the Commission in the Co-Located Load Order, with the addition that these penalties will apply to Eligible Customers taking one of the new transmission services on behalf of not only Co-Located Loads, but also eligible Large Loads as well. Under this framework, an Eligible Customer would be assessed (i) a base penalty charge for each hour in which the Eligible Customer's reserved service limit is exceeded at the Point of Interconnection during at least one five-minute interval (an "Exceedance Hour"), and (ii) a penalty ratchet when exceedances occur repeatedly. Under the penalty ratchet, penalty charges escalate as the frequency of unreserved transmission use increases. If more than one Exceedance Hour occurs on the same day, an additional daily penalty would apply. If exceedances occur on multiple days within the same week, an additional weekly penalty would apply. If exceedances occur in multiple weeks within the same month, an additional monthly penalty would apply. Finally, if exceedances occur in multiple months within the same year, an additional annual penalty would apply.

**D. Cost Allocation and Recovery Methodology for Transmission Upgrades Identified in PJM's Combined Generation and Transmission Service for Large Load Cluster Study**

Pursuant to their rights and obligations under the CTOA, the PJM Transmission Owners are considering a methodology to allocate and recover the costs of transmission upgrades identified in PJM's proposed combined generator and transmission service process.

**1. Allocation of Transmission Upgrades Among Generators and Load Zones**

The PJM Transmission Owners understand that PJM's proposed combined generator and transmission service process will include all generator interconnection requests as well as requests for transmission service made by Eligible Customers on behalf of Large Loads in annual cluster cycle studies, and that the resulting studies will identify an optimized transmission plan to address all service requests in each of these cluster cycles. In other words, each annual cluster cycle study will result in a portfolio of transmission upgrades needed to serve both generator and Large Load customers in the cycle. Therefore, assuming PJM's proposed combined generator and transmission service process is filed with and accepted by FERC, there will need to be a methodology for determining the responsibilities for both generator interconnection requests and transmission service requests of the total cost of the portfolio of upgrades.<sup>4</sup>

The PJM Transmission Owners are considering an allocation methodology that will assign cost responsibility for each cluster's portfolio to the load zones (corresponding with PJM transmission zones) that contain Eligible Customers seeking transmission service on behalf of Large Load customers, and will also assess fees to generators in the cycle that, as they are paid, will be credited against load obligations for cluster costs. The PJM Transmission Owners are contemplating a methodology to calculate the associated allocations using a modified, portfolio-based version of PJM's proportional impact methodology currently used to allocate network upgrade costs to generators in queue clusters. This modified approach would analyze the MW impacts of generation and load in each study cycle on the aggregate violations on impacted flowgates on the PJM transmission system. The output of this analysis

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<sup>4</sup> To the extent a project has multiple drivers, the PJM Transmission Owners intend that the cost of those projects will continue be allocated based on each of the underlying drivers, consistent with existing multi-driver provisions set forth in Section (b)(xiv) of Schedule 12 of the PJM Tariff. For instance, if a project is driven in part by combined generator and transmission service requests, and in part by other needs, only the portion of the project costs driven by the combined generator and transmission service requests would be allocated pursuant to the methodology described herein.

will be percentage allocations of the overall portfolio of transmission upgrade costs to each generator and load zone with Large Load customers in the study cycle.<sup>5</sup>

The costs of portfolio transmission upgrades allocated to load zones pursuant to this methodology, if adopted, will be fixed and continue to be assigned only to the applicable load zones containing Large Load queue customers for a period of 15-20 years. The PJM Transmission Owners are still considering the exact period and welcome member comment on this issue. After this period, the remaining costs of these transmission upgrades will be assigned based on the regional cost allocation methodology set forth in Schedule 12 of the PJM Tariff. This transition mechanism accounts for the fact that after an appreciable period of time has elapsed, the PJM system is likely to be considerably different, including generator retirements and significant topology changes. Therefore, shifting to an allocation that recognizes the broader nature of benefits by such transmission upgrades is just and reasonable.

## **2. Recovery of Transmission Upgrade Costs**

All transmission upgrades identified through PJM's proposed combined generator and transmission service process will be included in the transmission rate base of the PJM Transmission Owners building and owning those upgrades and included in the calculation of each zone's formula transmission rates.

With respect to the portion of transmission portfolio costs assigned to generators, each PJM Transmission Owner building and owning one or more of the transmission upgrades in the portfolio will charge a fee to each generator in the study cycle based on those generators' percentage share of the overall portfolio costs. Each fee will be calculated based on the generators' percentage share of the total capital costs of the transmission portfolio, amortized and recovered over a 15-20 year period, along with an appropriate carrying charge. The PJM Transmission Owners are still considering the appropriate amortization period, and welcome member comment on this issue. A responsible generator developer will begin paying the relevant fee no later than when its facility enters service, regardless of when specific transmission upgrades in the cluster portfolio enter service.<sup>6</sup> These fees will be treated as revenue credits to firm transmission customers that are allocated costs of the transmission portfolio costs, in the same proportion as the load allocations in order to offset the cost responsibility of wholesale transmission customers and retail ratepayers.

With respect to the portion of transmission portfolio costs assigned to load, to the extent those costs are assigned to zones outside the zone in which the PJM Transmission Owner owning the assets is located, those costs will be recovered in essentially the same manner as Transmission Expansion Charges are currently recovered today. Each PJM Transmission Owner will determine the revenue requirement associated with the transmission upgrades identified in PJM's proposed combined generator and transmission service process. Based on these revenue requirement amounts, PJM will bill and collect the applicable portions of the portfolio of transmission upgrades from the relevant zones and remit the

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<sup>5</sup> Note the costs of transmission upgrades built by PJM Transmission Owners pursuant to Attachment M-3 will continue to be allocated exclusively to the applicable transmission owner's zone. Thus, the proportional impact allocation methodology described herein will only apply to regional upgrades identified through PJM's proposed combined generator and transmission service process.

<sup>6</sup> The PJM Transmission Owners understand that PJM, consistent with current practice, will require generator customers to maintain security to cover the full cost responsibility for the portion of portfolio upgrades they are allocated.

revenues to the applicable PJM transmission owner. For instance, if a system upgrade is needed in Zone X to serve Large Load customers, in whole or in part, in Zone Y, then the costs associated with the Zone X upgrade allocated to Zone Y will be treated as a transmission charge to Zone Y, with the revenues remitted to Zone X and credited to Zone X customers.

The PJM Transmission Owners are considering including in their respective transmission formula rate templates a list of all local and regional transmission upgrades driven by Large Load additions, as identified through both PJM's proposed combined generator and transmission service process and the transmission owner's local planning procedures in Attachment M3, along with the revenue requirement for each of these projects. This data will establish the basis for the recovery of costs from other zones. It will also provide states the necessary information to, if desired, allocate amounts collected in wholesale transmission rates to specific Large Load customers at the retail level, or otherwise direct-charge Large Load retail customers. As discussed below, this data will be a key component in addressing the Commission's transparency concerns as expressed in the PJM Show Cause Order.

Additionally, in order to protect direct wholesale customers who do not have Large Load additions, such as municipal and cooperative entities, from bearing excessive costs associated with providing transmission service to serve Large Loads, the PJM Transmission Owners are considering appropriate amendments, where applicable, to their respective formula transmission rates to calculate and provide an appropriate revenue credit, or to implement some other means to protect direct wholesale customers, based on the amount of Large Load additions in their territories.<sup>7</sup> These mechanisms may vary among PJM Transmission Owners because there will likely be differences in the manner in which individual states assign and recover costs from Large Load customers at the retail level, if they choose to do so at all.

The PJM Transmission Owners anticipate requesting that the Commission direct the PJM Transmission Owners to make compliance filings to adopt these formula rate revisions within a reasonable period of time after FERC approves the November 16, 2026, Section 205 filing.

## **E. Transparency Modifications**

In the PJM Show Cause Order, the Commission found that additional cost transparency measures are needed to provide stakeholders with sufficient information and visibility regarding Network Upgrades, and their associated costs, required to provide transmission service to Eligible Customers on behalf of Large Loads.

As discussed above, assuming FERC issues an order approving the PJM Transmission Owners' November 16, 2026 Section 205 filing, the PJM Transmission Owners anticipate including in each of their respective formula rate templates a list of each transmission upgrade project that a transmission owner is constructing or owns to interconnect and serve Large Load customers, whether through Attachment M-3 or PJM's proposed combined generator and transmission service process, along with the revenue requirement associated with each project. Such a mechanism would provide state regulators and other interested parties with transparency as to the transmission costs being driven by Large Load transmission service requests. Subject to Commission acceptance of the November 16, 2026 FPA Section 205 filing, the PJM Transmission Owners anticipate implementing this mechanism in their respective formula rates

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<sup>7</sup> For instance, one possible mechanism would involve providing both credits and surcharges to direct wholesale customers depending on the amount of Large Load additions in their territories relative to the remainder of the zone.

through compliance filings to be made within a reasonable period after FERC approves the initial FPA Section 205 filing.

**Establishment of the Consultation Period and Commission Filing**

The PJM Transmission Owners are establishing a consultation period and are soliciting comments from PJM and the PJM Members Committee on the proposed filings described above. Written comments may be submitted for consideration by the PJM Transmission Owners via email to: LargeLoadMemberComments@dwt.com on or before November 9, 2026.

Under the CTOA and the PJM Tariff, the proposed filings are subject to a vote of the TOA-AC following the 30-day Members Committee consultation period.<sup>8</sup> If the TOA-AC approves the filings, the TOA-AC, acting pursuant to the CTOA, will submit them to the Commission for acceptance under Section 205 of the FPA.

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<sup>8</sup> CTOA Section 7.3.2; PJM Tariff Section 9.1(b).