2028/2029 Quadrennial Review Proposal

June, 2025

Industry-leading Developer, Operator, and Investor

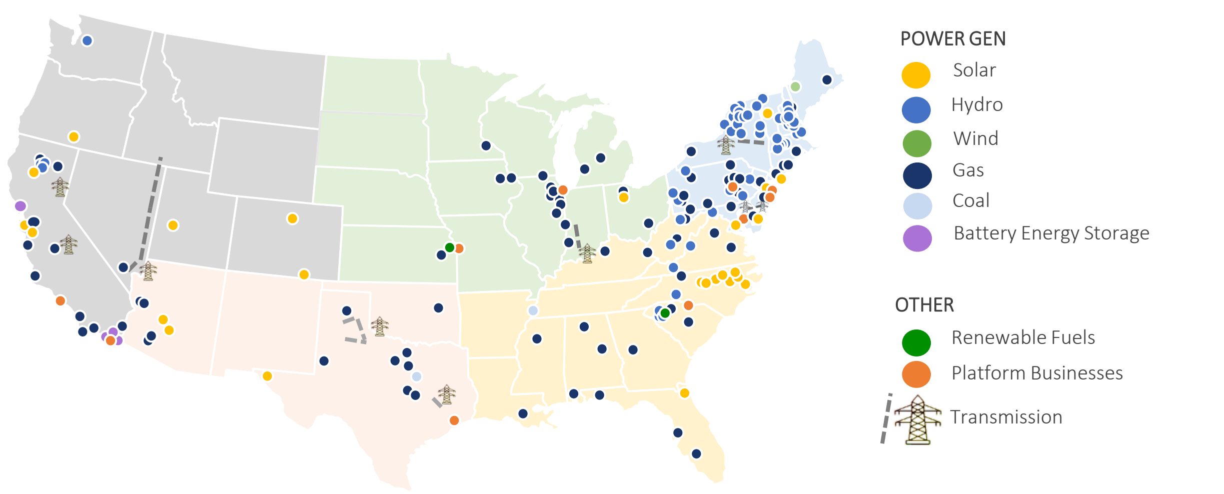
Innovation and Investment in Energy

1990	Inception
>$60B	Debt and Equity Capital Raised
>47	GW Developed and Acquired
>160	Power Generation Projects
>780	Miles of High-Voltage Transmission Completed
6	Transmission Utilities
8	Energy Transition Platforms
>370	Professionals Across Five Offices

LS Power Group

Investments	Power Generation	Energy Storage & Renewables	Transmission

- 160+ power generation projects developed or acquired
- Own and operate 19,000+ MW of power generation (34,000+ MW acquired since inception)
- Nation leading energy transition businesses representing electric vehicle charging, demand response (virtual power plants), microgrids, renewable fuels and waste-to-energy platforms
- 16 transmission projects, including 6 operating utilities, across 8 states and 5 ISO/RTOs that serve 185mm people
- $13 billion in equity commitments raised



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- When LS Power presented our perspective in May, we proposed that PJM take the following action as required by the tariff:
  1. Codify the CT as the Reference Resource using the new CT from the Brattle final CONE report
  2. Update CONE and Net CONE for the new CT Reference Resource
  3. Maintain the current shape of the VRR Curve but update the parameters to reflect the new CT

- PJM did not accept the suggestion and therefore LS Power is presenting this proposal for stakeholder consideration:
  1. Codify the CT as the Reference Resource using the latest technology from the Brattle final CONE report
  2. Update CONE and Net CONE for the new CT Reference Resource
  3. Maintain the current shape of the VRR Curve but update the parameters to reflect the new CT

- **Keep it simple with no major changes**

Why the CT?

- One of the arguments for moving to the combined cycle is that is what developers are building
- However, this needs to be put into the proper context
- The reason CCs have been developed and not CTs is CCs are mostly developed based on energy revenues and not capacity revenues
  - In any case, CCs have been developed and built under curves established using a CT reference resource
  - If the CC is the reference resource, by definition that is what will be built, because other sources of capacity become uneconomic under that curve
- CTs on the other hand cannot be developed predominantly on energy revenues since they don't operate as often as CCs and therefore require capacity revenues to support their development
  - The same is true for BESS systems, which require significant capacity revenues for their development
- Up until the most recent BRA, capacity clearing prices have not supported the development of CTs
- As the resource mix includes more intermittent resources, CTs not CCs will be required to provide the dispatchability necessary to maintain reliability as intermittents cycle on-line and off-line. Further, as NERC recently noted, BESS have demonstrated key capabilities in improving frequency response where deployed in concentration
  - Increased flexibility in the capacity market becomes more important with incorporation of seasonal differences
- The capacity market needs to reflect this reality and provide the capacity revenues to support continued investment in existing CTs, the development of new CTs, and commercialization of BESS projects

What about CONE Area 5?

- LS Power adopts PJM's approach to the reference resource in CONE Area 5
- Requiring accelerated depreciation to address CEJA retirement requirements, a CT reference resource likely proves less economic than using the BESS as the reference resource for that LDA
- On a Gross CONE and Net CONE ICAP basis, the CT and BESS technologies are similarly situated
  - Lower BESS ELCC value compared to CT increases the UCAP-based price points on the VRR Curve

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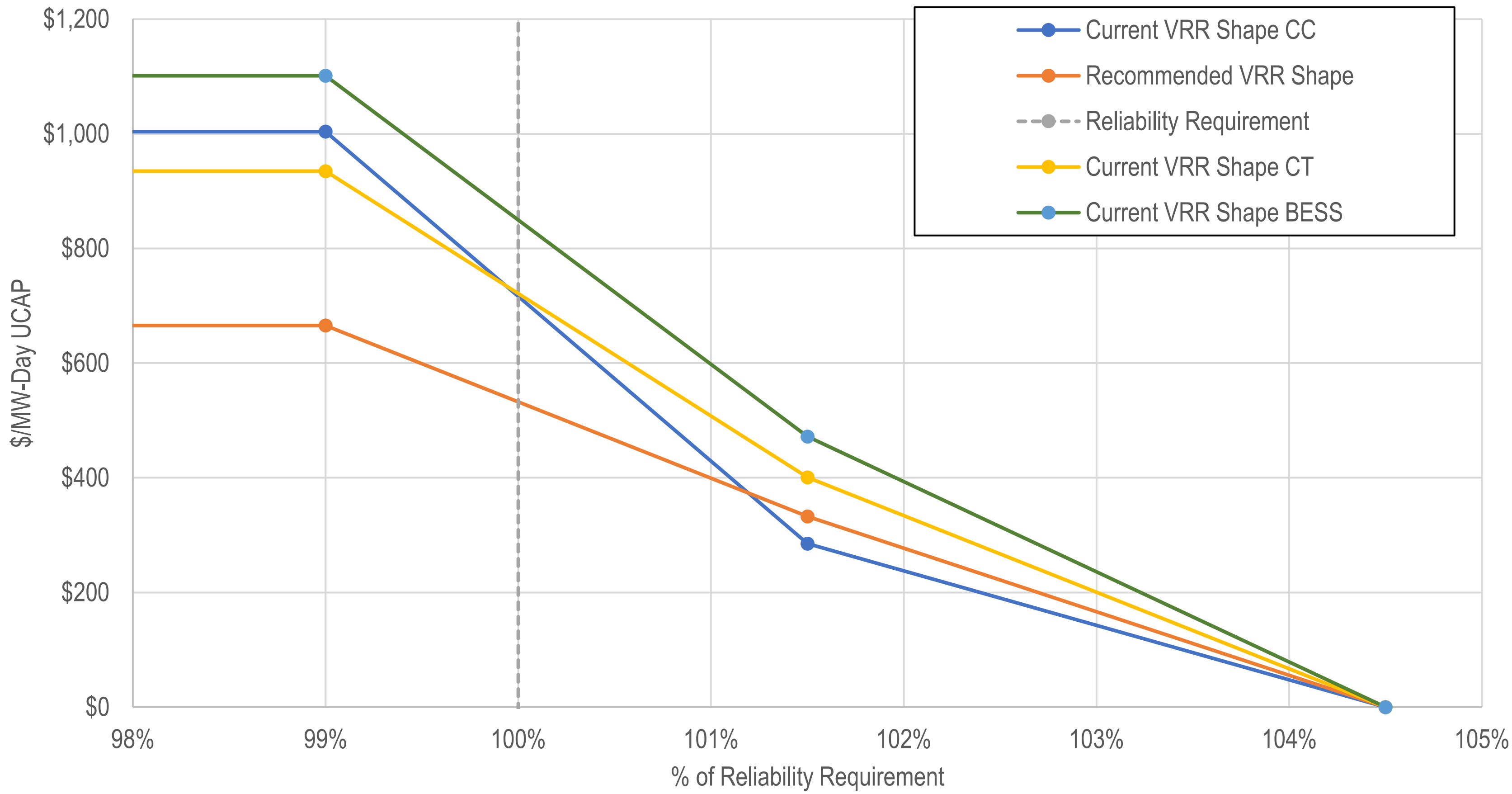
Comparison of VRR Curve Shapes



Notes:

- Curve points based on PJM-provided data from Brattle Report Table ES-2 at https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250411-special/item-1-02-revised-cone-report-final.pdf

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