

Earlier PJM Visibility into State Auction Awards and Supplier Load Obligations

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Background: PJM is seeking stakeholder feedback regarding potential approaches for improving PJM's visibility into load auction awards and associated supplier load obligation changes earlier in the procurement cycle. State-regulated procurement processes, such as Default Service Provider (DSP), Basic Generation Service (BGS), Standard Offer Service (SOS), and similar procurements, are administered on behalf of regulated Electric Distribution Companies (EDCs) and are generally conducted pursuant to state regulatory requirements under the oversight of the applicable state utility commissions. The auction awards can create future load-serving obligations months before service begins. Winning suppliers typically become aware of their awarded tranches shortly after auction results are approved, but PJM may not become aware of the resulting load obligation until the delivery month when load is reflected in scheduling systems. This creates a timing gap between when obligations are incurred and when PJM can incorporate them into its exposure assessment processes. PJM's interest in earlier notification is driven by credit risk considerations. Internal analysis over the last five years has identified instances of significant load shifts between suppliers resulting from competitive procurement auctions, including situations where awarded obligations could materially affect weekly billing obligations, collateral requirements, and overall market exposure. In some cases, these shifts have been concentrated among a relatively small number of market participants. PJM's primary concern is not aggregate load growth within a utility service territory, but rather significant changes in individual suppliers' load-serving obligations and the resulting impact on their exposure and credit profile. Because exposure associated with awarded load can increase significantly before service begins, PJM may have limited visibility into changing participant risk profiles during the period between award approval and the start of delivery. Earlier visibility into awarded load obligations would allow PJM to better assess changing credit profiles, refine exposure projections, evaluate potential collateral requirement changes, and engage with market participants before the delivery period begins. Any information provided pursuant to an early notification process would be maintained as confidential by PJM and used solely for risk management, exposure assessment, and credit oversight purposes. PJM is not proposing public disclosure of supplier-specific award information. **Objective** Auction results → load shifts to winning suppliers → supplier credit profiles may change → collateral requirements may change → PJM seeks earlier visibility into these shifts.

If you wish to respond differently for additional companies, please access the same polling link to restart the poll. **Only one poll response is allowed per company.** Please reach out to Voting_Support@pjm.com if you have any questions.

Q2 Please provide the following:

- ☐ First name: _____
 - ☐ Last name: _____
 - ☐ Phone: _____
 - ☐ Email: _____
-

Q3 Are you responding on behalf of a PJM Member company?

- ☐ Yes
- ☐ No

Reporting Responsibility

1. If notification of awarded load obligations to PJM is required, which party should bear primary responsibility for providing the information? *

- ☐ Winning Supplier/LSE
- ☐ Electric Distribution Company (EDC)
- ☐ Shared responsibility
- ☐ Other _____
- ☐ No position

Timing & Feasibility

2. What is the earliest practical timeframe after auction results are approved that information could be submitted to PJM? *

- ☐ Same day
 - ☐ Within 1 business day
 - ☐ Within 3 business days
 - ☐ Within 5 business days
-

3. Would a requirement to provide earlier notification create a significant administrative burden?*

- ☐ Yes
 - ☐ No
 - ☐ Maybe
 - ☐ No position
-

4. Are there operational or procedural obstacles to providing notification shortly after award approval? *

- ☐ Significant obstacles
- ☐ Minor obstacles
- ☐ No obstacles
- ☐ Unsure

5. What information should be submitted to PJM? (Select all that apply.) *

- ☐ Start and end date of the contract
- ☐ Number of tranches and customer class type
- ☐ Forecasted load by month (LSE-specific)
- ☐ Forecasted obligation peak load by month (LSE-specific)
- ☐ Other _____

Confidentiality & Market Sensitivity

6. Are there legal, regulatory, or confidentiality restrictions that could limit or prevent sharing awarded supplier information with PJM shortly after auction results are approved? *

- ☐ Yes
 - ☐ No
 - ☐ Depends on circumstances
 - ☐ Unsure
-

7. Would providing awarded supplier information to PJM create competitive or market-sensitivity concerns, assuming PJM maintains the information as confidential? *

- ☐ Significant concerns
- ☐ Limited concerns
- ☐ No concerns
- ☐ Unsure

Credit Risk & Market Oversight

8. Do you agree that earlier visibility into awarded load obligations would improve PJM's ability to assess changing Member credit exposure and evolving credit profiles? *

- ☐ Strongly agree
 - ☐ Agree
 - ☐ Neutral
 - ☐ Disagree
 - ☐ Strongly disagree
-

9. Would earlier estimation of collateral requirement changes and notification to market participants provide valuable additional time for them to prepare for changing collateral and liquidity requirements? *

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree

Open Comment Questions

10. Please identify any legal, regulatory, operational, technology-related, or other barriers to providing earlier notification of awarded load obligations. * (If you do not have comments on this question, please enter "No additional comment.")

11. Please provide any additional comments or recommendations regarding early notification of load auction awards and related load obligation changes. * (If you do not have comments on this question, please enter "No additional comment.")

DO NOT DELETE Please confirm that you have completed the survey and are ready to submit your responses.

☐

I confirm.