
Reflecting State Policies in Connect-and-Manage

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NRDC Proposal Overview

Two modifications to PJM's current package:

- Allow states to designate additional load that will fall under connect and manage, and do not procure capacity for that load.
- Break down connect and manage assignments by state so that retail regulators can properly assign curtailment

Background and Motivation

State authority over retail service reasonably includes deciding what customers are offered what level of firm or interruptible service.

This is consistent with PJM's observation that this is not primarily an engineering or market design issue:

They are choices about what consumers owe each other, what investors can rely on and what the "shared reliability compact" means in an era of scarcity. Those choices belong to the people and institutions with democratic accountability for their consequences - to state regulators and legislatures...

This proposal aims to support decision makers by recognizing state regulators control over retail service and providing clarity at the retail-wholesale interface.

States are Passing Flexibility Laws

States are working on a variety of flexibility provisions:

- In April, Virginia mandated voluntary large load flexibility programs.
- On Tuesday, Maryland enacted a law mandating voluntary interruptible service for large loads.
- Pending legislation in Illinois includes curtailable service for large loads that do not BYO.
- Delaware PSC considering interruptibility for large loads; Delmarva notes “would require coordination with PJM”.

Many states are still at the early phases of developing these tariffs and laws. This list is probably just the beginning.

Inclusion of Interruptible Loads in C&M

To fully integrate state interruptible tariffs into RPM, we propose:

- At the time EDCs provide their large load adjustments to the load forecast, the EDCs may also specify a quantity of load to be placed in Connect and Manage (reference PJM slide 6)
- That quantity of load will not be included in the load forecast used to develop RPM planning parameters.
- If that quantity is greater than zero, Connect and Manage is triggered. (5)
- The Connect and Manage quantity for the delivery year is increased by the amount of designed load (15)
- When an EDC notifies PJM of BYONC, the EDC shall also notify PJM if this is offsetting state designated C&M load. If so, that load will be placed back into ROM planning parameters as of the first auction the BYONC offers.
- Treated identically operationally.

State Level Management of C&M Obligations

PJM has proposed identifying C&M quantities zonally, then relaying that to the EDCs to assign to individual customers. Curtailment operational procedures are to be worked out between EDCs and TOs and implemented by TOs.

However, this creates several problems for multi-state zones:

- Unclear how to divide the zonal quantity to the different EDCs
- EDCs may be under different regulators, so nobody's empowered to allocate across EDCs
- TOs are not state jurisdictional, so not well situated to resolve retail customer allocation.

Overall, this risks unfair allocation of C&M obligations between states.

Proposal

To resolve this, we propose that PJM track Connect and Manage by zone and state.

- For zones entirely in one state, nothing changes.
- For large zones, C&M is tracked separately for each state: AEP-OH, AEP-OH, DOM-NC, etc.

Implementation:

- As the load forecast is developed, EDCs/LSEs provided adjustments must be broken down by state.
- PJM assigns C&M quantities to EDCs by zone/state
- TO/EDC coordination and emergency procedures unchanged from PJM proposal.

Thank you

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