The Cross-Sector Reliability Coalition
PJM Presentation to RBA Workshop

Competitive Power Ventures

TALEN ENERGY™

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Intro to Coalition / Purpose

- Goal is for a one-time RFP Procurement as a safety relief valve to get new MWs online quickly
- Proposal addresses NEDC's Principles and PJM's Goals and Considerations
  - Provides revenue certainty to incent investment on the PJM system.
  - Addresses accelerated interconnection of resources.
  - Facilitates the transition to market fundamentals as proposal is a one-time procurement of a defined quantity of MWs.

Timing of RFP

- RBA will be run after 2028/2029 Base Residual Auction results (July 14, 2026), but to start no later than August 10, 2026
- Timeline will include:
  - 2 week bid window for projects to submit.
  - Expedited interconnection study process occurs
  - 1 week analysis of all-in costs of projects and project selection.

Defining the Procurement

- The RBA would procure:
  - The amount of MWs that the 2028/2029 BRA clears short of the reliability requirement plus
  - A TBD percentage-based incremental amount that PJM forecasts will be short in the future 2029/2030 BRA that will run in December 2026.
- Procurement amounts will be locationally-based as informed by transmission constraints on the system, as pre-announced by PJM (e.g., PJM West v. EMAAC).

Eligibility for Participation

- All “new projects” can participate in the RBA, as long as they did not clear in the 2028/2029 or the 2027/2028 BRAs.
- The procurement will be technology agnostic.
- “New” is meant to be “new MWs”, including:
  - Newly built resources
  - Uprates (but only for the uprated MWs)
  - Fuel conversions for plants that would otherwise have retired, and
  - Repowering previously retired plants.

Selection Criteria

- Pay-as-bid construct, not one clearing price
- All projects selected will receive revenues over a 15-year term, starting with their COD.
- PJM will select projects by taking into consideration price and deliverability timing, on an ELCC basis.
- Evaluation of Bids:
  - COD (weighted 75%) – significant weight will be given to projects that can be online in near-term delivery years. To support COD, applicants must submit a critical path construction schedule showing how their project will achieve COD, with an officer attestation verifying the accuracy of the information.
  - Price (weighted 25%) - Offer prices capped at 1.25 times RTO Net CONE, with presumption that the cost is reasonable. If a project must offer above the capped price, the offer must first be evaluated by the IMM BEFORE the auction window closes.

Deliverability and Transmission Needs

- PJM will conduct expedited interconnection studies, as needed, on all projects participating in the RBA (and only for those resources).
- Projects will clear based on their total price: bid price/COD PLUS whatever grid upgrade costs are needed.
  - If grid upgrades will take longer than project's COD, the latter COD will be used for evaluation purposes.

Obligations and Non-Performance Consequences

- What Happens if a Project Misses COD?
  - As long as not due to delayed grid upgrades, project would both:
    - Forego the capacity payment in their first year (as well as any subsequent year that they fail to be online) and
    - Receive a significant penalty for not meeting COD.
  - If delay is due to delayed grid upgrades, project would only forego capacity payment in that year.
- Future RPM Impacts:
  - Project Included in Future BRAs – the selected RBA projects will be included in future BRAs as price takers.
  - Capacity Performance Penalties – CPP will be calculated based on the RBA price clear for the project, not based on the BRA clear.
- Energy & Ancillary Services Markets
  - The price bid into the RBAs is meant to cover just the capacity component of a plant's revenues.
  - The energy and ancillary services revenues will be market-based, and these projects will compete on an economic basis in those markets.

Cost Allocation

- Any portion of the RBA procurement cost that is due to (a) natural load growth or (b) generator retirements for a future delivery year, will be allocated to the LSE that is short as a result of either of these occurrences.
- The remaining RBA procurement cost will be allocated to the LSEs where the large load is situated, with an exemption for the grandfathered-in pre-existing contracts where large load has made a long-term commitment to cover its capacity.
- The states then decide how to allocate the costs to customers, recognizing many states have signaled an intent to allocate to Large Loads.

Transition Out of Procurement Mode

- The RBA as proposed is a one-time occurrence.
- PJM should quickly begin engaging stakeholders to conduct a holistic reform to return to a workable and durable capacity market construct.

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