Reliability Backstop Auction

Design Component Proposal

February 24, 2026

ODEC Old Dominion Electric Cooperative®

RBA Design Component Proposal

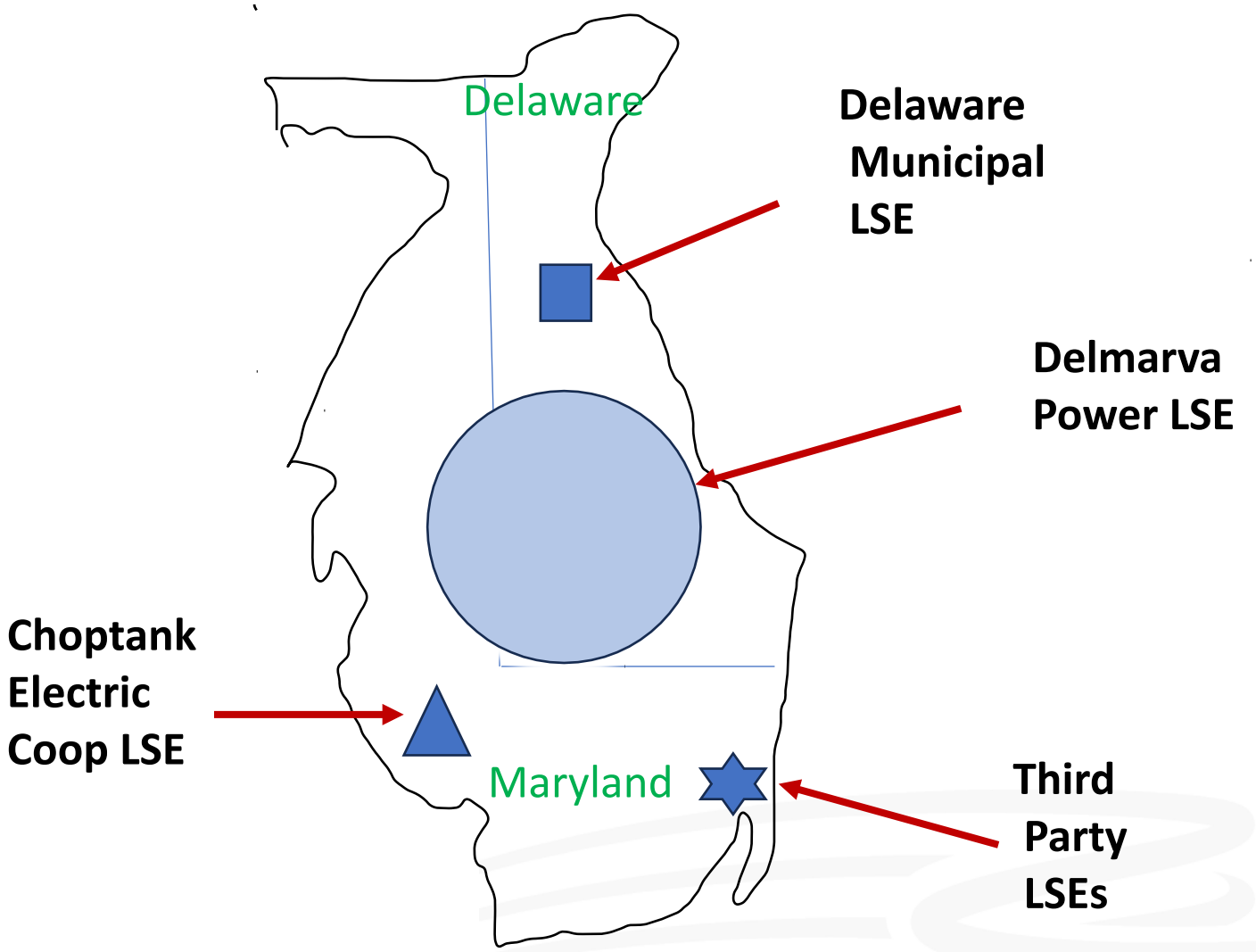
Current RPM Framework

- PJM procures Capacity Resources in advance of the Delivery Year based on its load forecast.
- If the full amount of the forecasted load does not materialize, then the cost of over procuring generation resources is absorbed by other LSEs in that zone.

Reliability Backstop Auction

- This is a unique event in which procurements will likely for made 5 years in advance of the Delivery Year for terms extending 5 to 10 years (i.e. 15 years into the future).
- The term of these resource commitments creates significant resource over procurement risk.
- Because the underlying load participants in the RBA auction are likely to be financially robust, well capitalized players, it isn't reasonable to ask other LSEs to securitize (i.e. serving as guarantor) these transactions.

Delmarva Load Zone Illustrative Example



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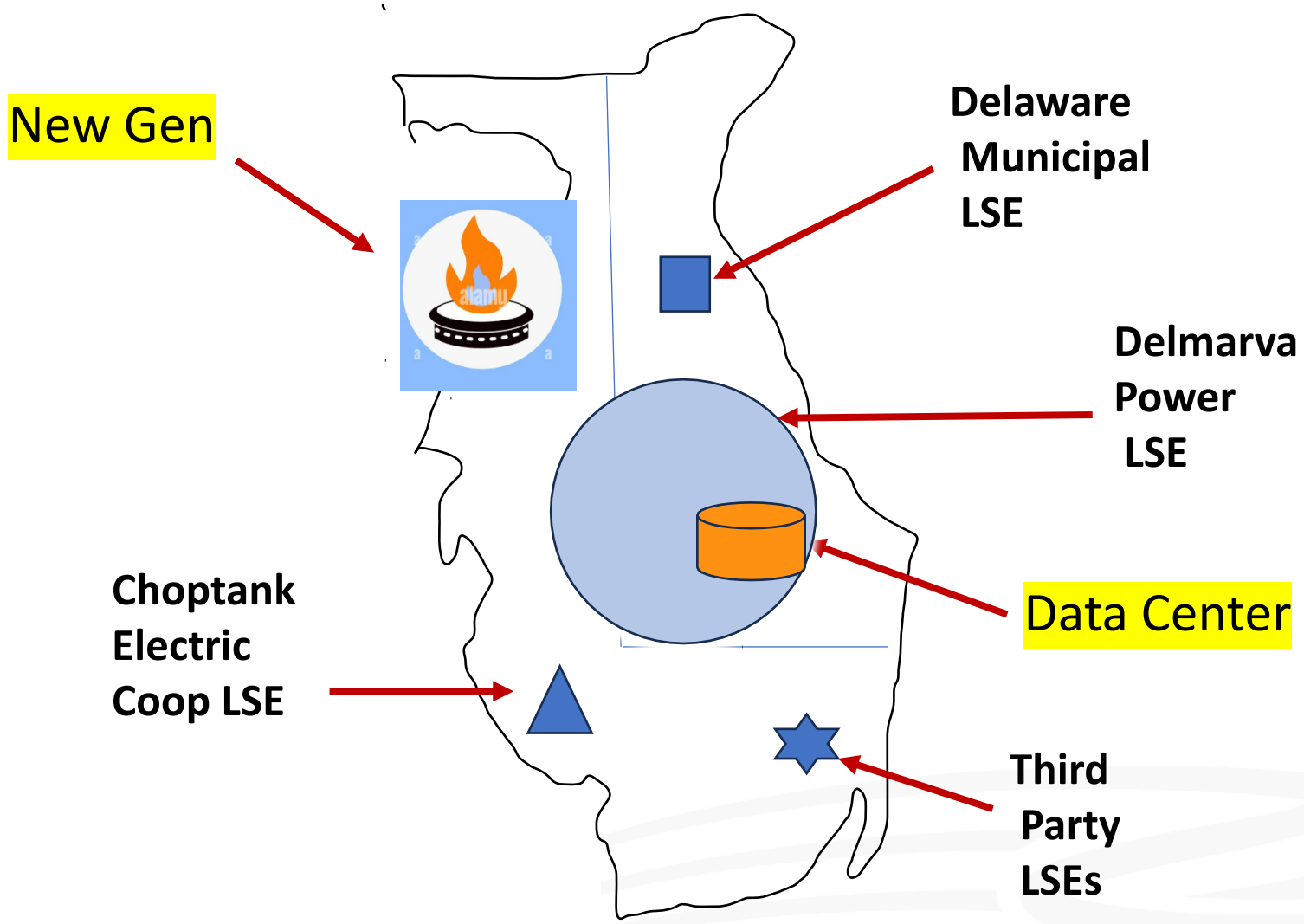

RBA Design Component Proposal

Concern

- Some RBA proposals may have PJM as the counterparty to the capacity transactions.

- Unlike the current RPM rules, the RBA structure needs to insulate LSEs that are "not part of" and "receive no benefits" from the RBA from paying for PJM resource over procurement.

Design Component Addition for Proposals that have "PJM As the Counterparty"

- Large loads subscribing to the RBA would need to financially commit to the full capacity amount. This requirement would hold for new large loads becoming LSEs and for existing LSEs that are procuring capacity directly/behalf of a large load.

- PJM's Risk Management Group will develop collateral requirements in advance of the RBA.

- If any of the LSEs default on the obligation to pay for the RBA capacity commitments, PJM will collect these default amounts exclusively from the parties that participated in this RBA process (i.e. both generators and loads) based on its pro-rata share of its obligated absolute dollar amount of transactions in the Reliability Backstop Auction Process.