

Reliability Backstop Procurement Stakeholder Survey Summary & Status Update

Reliability Backstop Procurement Workshop
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Stakeholder Survey Summary

As of February 27, 2026

Broad agreement on reliability urgency and need for targeted action.

Strong alignment on cost-causation principles.

High sensitivity to market distortion and long-term credibility.

Clear divisions on procurement structure and cost recovery mechanics.

Final proposals will need to clearly demonstrate:

- ✓ Measurable reliability benefits
- ✓ Minimal distortion to PJM's capacity market
- ✓ Equitable cost allocation
- ✓ Defined sunset or transition criteria

1. Transitional Mechanism

- Backstop should be temporary
- Clear exit/sunset criteria
- Not a replacement for existing capacity market

2. Focus on New Capacity

- Must procure incremental, measurable supply
- Avoid reshuffling existing resources

3. Cost Causation

- Large new loads should bear associated costs
- Protect residential and small commercial ratepayers

4. Transparency & Accountability

- Clear procurement rules
- Strong collateral and performance standards

Procurement Structure	Cost Recovery Design
<p>Centralized PJM-run auction OR Bilateral contracting model OR Hybrid approach</p>	<ul style="list-style-type: none"> ➤ Direct assignment to large loads vs. LSE allocation ➤ Integrated into capacity market vs. separate charge
Resource Eligibility	Contract Duration
<p>Strict new generation only vs. broader inclusion (storage, DR, imports)</p>	<p>Long-term commitments to incent new entry vs. risk of locking in high-cost resources</p>

Market Risks

- Potential price suppression in the Base Residual Auction
- Investor confidence impacts
- Double procurement risk

Customer Risks

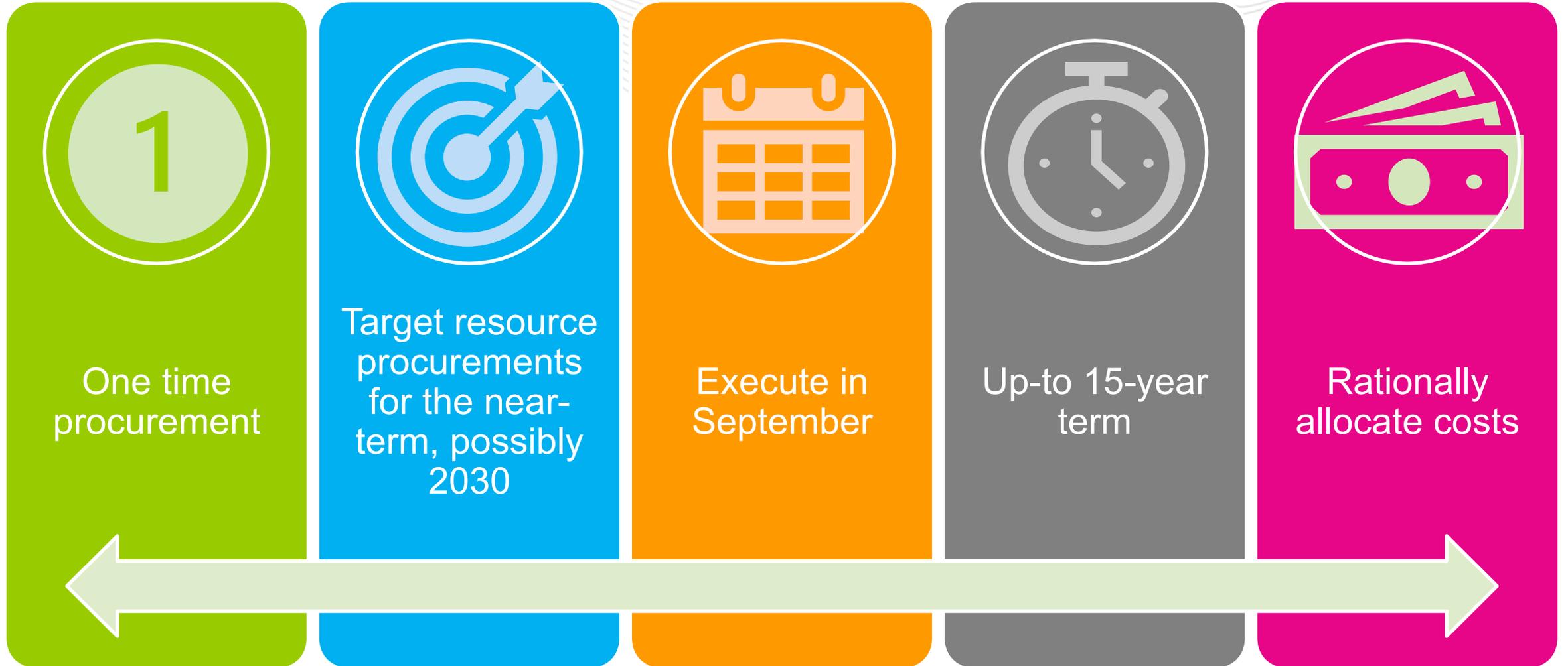
- Stranded costs if load does not materialize
- Cross-subsidization concerns

Operational Risks

- Delivery risk from new resources
- Interconnection timing uncertainty



Status Update



PJM presented its [initial thinking](#) on the Reliability Backstop Procurement at the February 18, 2026 workshop. Since that time, PJM has honed in on certain design options previously presented.

	Initial	Current
Procurement Target	<p>PJM previously presented two different options:</p> <ul style="list-style-type: none"> • Buyer-determined • PJM-determined 	<p>PJM-determined whereby PJM establishes a method to determine the quantity to be procured in the backstop and allows buyers to substitute this quantity based on their enhanced information.</p>
Procurement Model	<p>PJM previously presented two different options:</p> <ul style="list-style-type: none"> • Bilateral Contracts • PJM as Administrator and Counterparty 	<p>PJM acts as the Administrator and Counterparty by securing the forward commitment of supply and allocating costs back to the Zone/TO/EDC where the load is located.</p>
Connect and Manage	<p>PJM did not initially share any thoughts on the impact of the Reliability Backstop Procurement and the Connect & Manage initiative.</p>	<p>Large loads/data centers included in the Reliability Backstop Procurement will not be subject to Connect & Manage.</p>

Eligible Supply

Should PJM target supply that can be online by a certain delivery year (2029 or 2030) or extend the online date out further to attract additional new supply?

Targeting a near-term delivery year (2029 or 2030) means eligible supply will include new generation that has not gone commercial, including uprates and repowers.

Extending the online date by even one additional delivery year, significantly increases the number of projects that could participate.

What about Demand Response, Distributed Energy Resources, CIR Transfers and Surplus?

Procurement Target

Is the goal of the Reliability Backstop to procure a quantity of supply that minimizes risk or provides the best chance to hit the 1-in-10?

If the goal is to minimize risk, this suggests the procurement target should be set to a value that is associated with “firm” data center load.

If the goal is to hit the 1-in-10, this suggests the procurement target should be set to a value that attracts the most amount of MWs in the next couple of delivery years.

➤ This value may be too low to ease the current and near-term future resource adequacy challenges PJM is facing.

➤ If the data center load does not materialize per for the forecasts, PJM risks over-procuring in the backstop procurement.

Credit/
Collateral
Risk

How should PJM update its credit rules and collateral requirements to mitigate the risks that come with a 15-year contract term?

PJM’s current rules only address a 1-year term.

Evaluating options contingent on PJM’s final design.

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