MN8 Energy appreciates the opportunity to share feedback on the design and implementation of the Reliability Backstop Procurement (RBP). Our comments below summarize our main points of feedback at a high level, some of which are covered in greater detail in our February 25th presentation[1] and February 20th survey responses[2]. With further questions, please reach out to grant.glazer@mn8.com or zander.bischof@mn8.com.

1) Bilateral contracting in pursuit of BYONG will enable more efficient risk sharing than the RBP, reducing procurement costs for buyers and stranded cost risks for PJM.
    a. Developers face equipment, interconnection, permitting, and construction risks, each of which can be mitigated to varying degrees and at varying costs through project development and procurement strategies, as well as through contractual terms in off-take agreements.
    b. Designing a pro forma agreement for use in RBP that accommodates the full range of project-specific development risks and buyer preferences is not realistic. Such an approach would inevitably result in agreements that are either overly rigid for certain sellers and projects that force sellers to bid in significant risk premiums or are too flexible for buyers and fail to provide the certainty that they need around the timeliness of additions.
    c. Bilateral contracts allow sellers and buyers to execute agreements at the right time in the development lifecycle. Parties typically sign final agreements at a time that balances sellers' desire to wait until they can mitigate project attrition risks but not so long that they put an undue amount of money at risk without having offtake certainty. The RBP will inevitably be imperfectly timed for many projects, and most notably, will be too early for the large cohort of projects that are likely to proceed in Cycle 1, which under the currently RBP timeline are at risk of having to bid without having any interconnection results, or at best, would have Phase 1 interconnection results. This would force suppliers to lock in pricing and other terms very early in the development process, shrinking the pool of competitive projects and increasing the risk premiums that suppliers are likely to require.
    d. Bilaterally negotiated agreements produce the most efficient risk allocation and contract outcomes because they allow parties to negotiate terms that

[1] https://www.pjm.com/-/media/DotCom/committees-groups/workshops/rbpw/2026/20260225/20260225-item-07---perspectives-on-reliability-backstop-procurement---mn8-energy-presentation.pdf
[2] https://www.pjm.com/-/media/DotCom/committees-groups/workshops/rbpw/postings/stakeholder-feedback-on-reliability-backstop-procurement-as-of-5pm-20260220.pdf

assign risk to the party best positioned to manage it, and allow sellers to secure off-take at the right time in any given project's lifecycle.

2) PJM should allow large loads (LL), and possibly non-LLs, to opt out of the RBP. Any large load that does not cover its firm load share through RBP would need to BYONG or else be subject to connect-and-manage. Any non-LL that opts out but then fails to BYONG should be subject to a deficiency charge in excess of the RBP clearing price, and if connect-and-manage is not implemented, the same would be true to LLs.
    a. PJM should not require a LL to provide a fully executed commercial agreement at the time it elects to opt out of RBP and pursue BYONG because doing so would be premature. Many of the generation resources that are best placed to participate in BYONG (and RBP) won't come online until DYs 2029-2032 and are currently in the Transition Cluster 2 (TC2) and Cycle 1 interconnection processes. These projects are subject to significant cost and timing uncertainty due to changing study results. For example, of the 306 projects that started TC1, 109 saw costs increase by at least $5m on a previous study phase, and 74 had a subsequent study that was at least $10m higher than a previous phase. TC2 projects will receive GIAs in Q1 2027 and Cycle 1 projects will receive GIAs in Q1 2028. Until then, these projects will continue to face significant uncertainty around interconnection costs and in-service date timing, particularly related to contingent network upgrades. Generators are unlikely to be able to finalize contract terms before having a good line of sight on their likely interconnection results, both in terms of costs and timeline. Therefore, PJM should not require an executed offtake agreement as part of the decision to opt out of RBP.
    b. If PJM determines that some showing is necessary to opt out of RBP, it could consider the following as reasonable evidence that a large load is pursuing BYONG:
        i. Evidence that the buyer has the financial capability to execute a contract, such as proof of creditworthiness, demonstration of a prior long-term bilateral procurement, or similar indication of capability to BYONG; or
        ii. Documented ongoing commercial discussions with one or more potential suppliers; or
        iii. An executed term sheet or similar preliminary commercial agreement.

3) PJM should resolve the outstanding issues related to BYONG and connect-and-manage before launching the RBP so that buyers can make informed decisions regarding how best to meet their needs.
    a. Important questions remain regarding the details of BYONG and connect-and-manage, and the answers to these questions will inform how buyers assess their options and choose to proceed. These proposals should be finalized, and ideally, ruled on by FERC, in advance of the RBP so that buyers have sufficient time and information to evaluate their options.
    b. It's important that PJM commits to a connect-and-manage program that is workable for large loads and incentivizes BYONG. This means adjudicating critical issues like load shed allocation accounting between BYONG and non-BYONG large loads, a firm service level versus guaranteed load drop method, and real-time management of load shed.

4) PJM must clarify how it will set the purchase obligation volume and enforcement timeline for loads under both the RBP and BYONG. The obligation should be back-to-back with PJM's assessment of the resource adequacy shortfall that it is trying to alleviate with RBP and BYONG.
    a. The RBP and BYONG/connect-and-manage programs are premised on the notion that the market is unable to respond to demand signals in the near term due to supply chain constraints, interconnection challenges, and other project development frictions.
    b. PJM should undertake an assessment to identify the period during which it feels it is unable to rely on the market for new supply and define this as the "resource adequacy risk period".

5) Buyers should then be obligated to BYONG or purchase through the RBP an amount of UCAP equal to their share of the identified need during the RA risk period, or otherwise accept the consequences (e.g., connect-and-manage for LLs).
    a. For BYONG, loads should show their contracted capacity to PJM to demonstrate compliance before coming online. Showings should be based on a snapshot in time and should occur with enough lead time that loads have the certainty that they need to commit capital to projects – this should probably allow for showings up to 2-3 years before a load comes online, with the opportunity for subsequent showing windows (e.g., annual).

b. There are a few options for how to lock in accreditation at the time of that snapshot that can be considered, including:
    i. Using the forecast annual ELCCs over the RA risk period at the time of the showing to accredit resources annually by delivery year but based on the profiles fixed at the time of the showing. While resource ELCCs would change if the RA risk period spans more than one year, resources would at least know their accreditation ex ante.
    ii. Use the resource's ELCC in Year 1 of the RA risk period at the time of the showing.
c. By fixing ELCCs for the BYONG showings, PJM will mitigate uncertainty that would otherwise render BYONG unworkable.
d. Accreditation for RBP looks slightly different because it is meant to be a one-time purchase. PJM has a few options for how to proceed.
    i. One option is to solicit bids in $/MW nameplate terms, where suppliers are paid irrespective of what happens to class ELCC. This is more financeable for developers and will lead to lower project finance costs versus if suppliers wore ELCC risk, but it requires PJM to take a view on future ELCCs in order to determine the levelized cost of UCAP. If PJM were to choose this option, it should include performance incentives in RBP agreements to ensure that suppliers maintain the capacity value of their resources.
    ii. Another option is to solicit bids in $/MW UCAP terms, where suppliers are paid based on the UCAP their project ultimately delivers. This will be harder for suppliers to underwrite. In this case, PJM should not commit suppliers to a particular level of performance – rather, suppliers will be paid for what they deliver.
e. Similarly, loads should be allowed to show their allocations from the RBP during forward showing window, in which they functionally lock in the accreditation of resources for the purposes of demonstrating BYONG.
f. The accreditation rules that determine if a load has satisfied its RBP/BYONG obligations should be separate from the accreditation rules that apply for the RPM, which should continue to follow the prevailing accreditation rules.

6) To optimize the timing of the RBP, PJM should carefully consider the ongoing cycle process, the Expedited Interconnection Track, and the BYONG filing.
    a. Projects planning to enter the Cycle 1 process, which is likely to be a large amount of supply, will not have any interconnection results until after Phase

1 studies are completed in November 2026. Providing more interconnection information ahead of the RBP will lead to higher-quality bids. PJM should therefore time the RBP to occur after Cycle 1 Phase 1 results are in hand.

b. On the other hand, greater clarity regarding offtake opportunities under BYONG and the RBP before key decision points would give projects more confidence to advance through the interconnection process. PJM should strive to provide RBP results before DP3 for TC2, since off-take could be determinative for project go/no-go decisions.

7) Participating in the RBP should not guarantee large loads that they will avoid connect-and-manage if the RBP ultimately does not procure enough supply to satisfy total demand.
    a. Large loads that participate in RBP should be protected from connect-and-manage only to the extent of their allocations from the RBP. If participation in the RBP was, by itself, sufficient to relieve a large load of responsibility for any unmet portion of its load, this would strongly favor the RBP, particularly insofar as buyers expected it to clear short.
    b. Any large load that wishes to avoid connect-and-manage for the share of its load that does not clear in RBP can pursue BYONG.