UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.	)))	**Docket No. ER26-3515-000**

MOTION FOR LEAVE TO ANSWER AND ANSWER OF PJM INTERCONNECTION, L.L.C.

The Base Residual Auction for the 2027/2028 Delivery Year procured insufficient capacity to meet the PJM Region Reliability Requirement.[1] Thus, it is unclear whether, as of June 1, 2027, the PJM Region will have enough capacity to meet the longstanding reliability metric of one event in 10 years loss of load expectation.[2]

The realities of the operational emergencies caused by the influx of New Large Loads endemic to PJM Interconnection, L.L.C. ("PJM") demand a region-wide response at the wholesale level that simultaneously respects the jurisdictions of the 13 PJM states and the District of Columbia (together, "PJM states") at the retail level. PJM's proposed Interim Resource Adequacy Service ("IRAS") and Large Load Registry provide the needed tools to mitigate such operational emergencies in PJM, a footprint that includes the largest

[1] *See 2027/2028 Base Residual Auction Report*, PJM Interconnection, L.L.C. (Dec. 17, 2025), https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2027-2028/2027-2028-bra-report.pdf [https://perma.cc/TA3Y-95AX] ("2027/2028 BRA Report"). Capitalized terms not otherwise defined herein have the meaning as defined in the August 13 Filing, PJM Open Access Transmission Tariff, Reliability Assurance Agreement Among the Load Serving Entities in the PJM Region ("RAA"), and Amended and Restated Operating Agreement of PJM ("Operating Agreement"). In the context of revisions proposed in this proceeding, the Tariff will be referred to as "proposed Tariff," and the RAA will be referred to as "proposed RAA." *PJM Interconnection, L.L.C.*, Proposal of PJM Interconnection, L.L.C. to Establish Interim Resource Adequacy Service and a Large Load Registry to Address System Reliability, Docket No. ER26-3515-000 (Aug. 13, 2026) ("August 13 Filing").

[2] *See PJM Interconnection, L.L.C.*, 194 FERC ¶ 61,049, at P 20 ("PJM states that . . . the proposed [Variable Resource Requirement ("VRR")] Curve meets PJM's Reliability Requirement, which targets a 1-in-10-year Loss of Load Expectation [("LOLE")] on a long-term average basis."), *order on reh'g*, 196 FERC ¶ 61,007 (2026). PJM is still developing the 2027 Load Forecast and has yet to conduct the Third Incremental Auction for the 2027/2028 Delivery Year. Thus, it is still unknown whether the PJM Region will be short of capacity heading into the Delivery Year.

concentration of data centers in the world sharing the grid with over 67 million people. IRAS provides the tools to address essential reliability and resource adequacy issues in PJM while simultaneously permitting large loads to interconnect to the system, providing a broad framework under which states can exercise their own regulatory authority and protecting existing customers from capacity price increases resulting from the effects of New Large Loads, consistent with the Statement of Principles Regarding PJM issued on January 16, 2026, by the National Energy Dominance Council ("NEDC") and the 13 governors of the PJM states,[3] and the Ratepayer Protection Pledge, to which many intervenors in this proceeding are signatories.[4]

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[3] *Statement of Principles Regarding PJM*, National Energy Dominance Council, 1 (Jan. 16, 2026), https://www.energy.gov/documents/statement-principles-regarding-pjm [https://perma.cc/35HJ-W56E] ("NEDC/PJM Governors' Principles"). The 13 state signatories are the governors of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, and West Virginia. Except for in reference to the "NEDC/PJM Governors' Principles," reference herein to the PJM states shall include the 13 state signatories and the District of Columbia.

[4] *Ratepayer Protection Pledge*, The White House (Mar. 4, 2026), https://www.whitehouse.gov/releases/2026/03/ratepayer-protection-pledge/ [https://perma.cc/N8PH-K82T] ("Ratepayer Protection Pledge"). The Ratepayer Protection Pledge requires, *inter alia*, that New Large Loads "will voluntarily negotiate new, separate rate structures with their utilities and relevant State governments wherever they build data centers," commit to "build, bring, or buy the new generation resources and electricity needed to satisfy their new energy demands," and "add more capacity that serves the broader public by increasing supply" in order to protect "Americans from higher prices" and commit to "[c]ontribut[e] to [e]lectric and [c]ommunity [r]esilience" by "coordinat[ing] with grid operators to contribute to a more reliable grid." IRAS reflects such coordination at a just and reasonable rate. *See also President Trump's Ratepayer Protection Pledge Secures American AI Dominance, Protects Consumers*, The White House (July 23, 2026), https://www.whitehouse.gov/releases/2026/07/president-trumps-ratepayer-protection-pledge-secures-american-ai-dominance-protects-consumers/ [https://perma.cc/9VDB-B4EH] ("Ratepayer Protection Pledge Announcement"); *Data centers pay their way. Ratepayers pay theirs.*, The White House, https://www.whitehouse.gov/ratepayer-protection-pledge/ [https://perma.cc/TC2X-AN5T] (last visited on Sep. 21, 2026) ("July 2026 Ratepayer Protection Pledge Update") (identifying over 300 organizations that include over 250 utilities, cooperatives, and transmission cooperatives to municipal utilities and state associations, 44 data center developers, 7 Artificial Intelligence companies, and 23 governors that joined the Ratepayer Protection Pledge).

The IRAS proposal is a response to the following basic realities:

- A region-wide response must guide and provide a framework for the PJM states' various disparate approaches;

- To maintain reliability and resource adequacy, PJM, as well as the states, must have key information about the location and characteristics of New Large Loads entering the region; and

- Load Serving Entities ("LSEs") serving New Large Loads, or the New Large Loads, must arrange for new capacity to meet their resource adequacy needs. Absent such new capacity, New Large Loads must be flexible and, pursuant to PJM's operational needs, reduce their energy demands when called upon during system emergencies.

PJM stands behind the IRAS proposal as a just and reasonable and not unduly discriminatory or preferential response. Protests calling for IRAS to be simply rejected outright ignore or fail to recognize the realities of the myriad risks that doing *nothing* presents. Moreover, entities that seek rejection of the IRAS proposal on jurisdictional grounds conveniently overlook the fact that integrating large loads in a manner that (1) ensures reliability; (2) allows for these loads to interconnect to the system; and (3) protects existing ratepayers, is a responsibility *shared* between the states and PJM. The Pennsylvania Governor's office and other state intervenors acknowledge as much,[5] while some opponents of the IRAS proposal would point to the division of authority between PJM and the states as grounds for eliminating the IRAS proposal altogether.[6]

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[5] PA Governor Answer at 2 ("First, protestors are wrong that PJM has veered beyond its jurisdiction. PJM is squarely in its lane to operate the bulk power system in order to maintain system reliability . . . ."); *see also* NJ BPU Comments and Limited Protest at 3 (expressing that the "IRAS plan strikes an appropriate balance between state and federal jurisdictional divisions"); PIOs Limited Protest at 20 (The IRAS framework's "design elements ensure that the IRAS Framework respects jurisdictional roles and is a just and reasonable approach to maintaining resource adequacy and protecting other customers.").

[6] *See, e.g.*, DCC Protest at 8-14; Google Protest at 8-11; IMM Protest at 3; Dominion Protest at 4.

The time to act is now.[7] Indeed, the comments and protests in this proceeding show general conceptual support for IRAS from a wide range of interests—including states and their public utility and consumer advocacy groups,[8] transmission owners,[9] capacity

[7] Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission ("Commission" or "FERC") Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213, PJM submits this Motion for Leave to Answer and Answer to comments and protests filed in response to PJM's August 13 Filing. Although Commission Rule 213(a)(2) does not generally permit answers to protests, the Commission permits answers for good cause shown, such as when an answer contributes to a more accurate and complete record or provides useful information that assists the Commission's deliberative process. PJM respectfully moves for leave to file this answer, as it will aid the Commission's decision-making process by providing responses to the various comments and protests filed in response to PJM's filings in this docket. PJM therefore asks that the Commission accept this answer. *See, e.g.*, *PJM Interconnection, L.L.C.*, 182 FERC ¶ 61,073, at P 13 (2023) ("We accept the answers . . . because they have provided information that assisted us in our decision-making process.").

[8] OPSI Comments and Request for Clarification or to Sever at 1 ("OPSI is supportive of both identifying [New Large Loads] that have not brought capacity to meet their needs in an [New Large Load] registry and the need to send a wholesale curtailment signal, equivalent to the [New Large Load] quantity that does not have associated capacity, prior to entering into pre-emergency procedures."); Ohio FEA Comments at 9 ("PJM's IRAS is a timely effort to confront reliability concerns caused by significant data center load growth in the region. The proposed BYONC construct, the Large Load Registry, and the curtailment prioritization of certain loads when necessary to ensure reliability during emergency conditions will all require massive new coordination effort by PJM, states, EDUs, and LSEs."); NJ BPU Comments and Limited Protest at 3 ("The Board thinks PJM's Proposal presents thoughtful consideration of the various stakeholder proposals and perspectives and thinks its final IRAS plan strikes an appropriate balance between state and federal jurisdictional divisions in the [FPA]. While there are certain elements of the Proposal that the Board does not support, these elements are not consequential to the foundational principles or procedures of IRAS and could be modified, or severed and rejected, without undermining the overall package reforms. In some instances, the Board is simply asking for additional clarification from PJM."); PA Governor Answer at 2 ("IRAS is a critical measure to protect the region's reliability and its ratepayers, consistent with the [NEDC/PJM Governors' Principles] and the Ratepayers Protection Pledge."), 5 ("PJM's proposal of IRAS is necessary and appropriate in response to the severe challenges facing the region."), & 6 ("Governor Shapiro therefore urges the Commission to approve IRAS without delay, as timely implementation is critical to have IRAS in effect in time to avoid disruption of service for existing customers and to ensure its rate protective effects are in place before the next Base Residual Auction in December.").

[9] Dominion Comments at 3 ("Dominion Energy Virginia generally supports the proposed framework for IRAS. However, PJM's approach for implementation as presented in the transmittal letter and the Tariff amendments raises concerns that it will not accommodate all business models and state regulatory frameworks within the PJM Region.").

providers,[10] large loads,[11] LSEs,[12] public interest organizations,[13] and others.[14] Although most who support IRAS also advocate for tweaks or other changes to the proposed framework, this should not be interpreted as dissatisfaction with IRAS as a whole. Rather, requests for tweaks or elimination of certain elements reflect the fact that PJM has not

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[10] Voltus Comments at 4 ("Voltus approves the IRAS proposal as a whole and supports PJM's reintroduction of the RTO-wide CAM/IRAS incentive framework."); NRG Comments and Limited Protest at 1-2 ("In general, [NRG Companies ("NRG")] supports PJM's efforts to provide certainty and clarity to market participants and New Large Loads that do not bring new supply into the PJM market. NRG also supports PJM's efforts to articulate rules pertaining to the curtailment of New Large Loads that do not bring new supply where such customers are curtailed before existing pre-emergency and emergency customers."); SEIA Comments at 8 ("The IRAS proposal is another necessary response to PJM's growing resource adequacy issues.").

[11] ACORE Comments at 1 ("ACORE . . . supports the requirement for a new large load to contract for new capacity under BYONC to avoid being subject to potential curtailments under IRAS. Such a requirement will strongly incent longer-term (at least 10 year) contracting with BYONC capacity by the large loads availing themselves of the IRAS BYONC provision."); Sunrun Comments at 2-3 ("Sunrun respectfully requests that the Commission accept PJM's filing subject to a discrete clarification or compliance filing confirming that verified PSA values reduce IRAS obligations, with appropriate measurement, verification, performance scoring, reconciliation, and no-double-counting safeguards, or, in the alternative, reject the filing without prejudice.").

[12] AMP Limited Protest at 3 ("During [the IRAS CIFP] process, AMP endorsed – and continues to endorse – many of the core features of PJM's IRAS proposal, including the Large Load Registry, offsetting IRAS obligations with BYONC, preserving retail regulatory authority over the determination of the end use loads ultimately subject to IRAS, and the exclusion of unhedged New Large Loads from the Variable Resource Requirement Curve. In general, the PJM [IRAS] Filing proposes a reasonable framework to 'connect and manage' new large loads in the PJM region.").

[13] PIOs Limited Protest at 1 ("[T]he IRAS Filing is an essential mechanism to protect customers in PJM from skyrocketing costs and degrading reliability caused by the forecasted rapid influx of large loads. PIOs believe the IRAS Filing could, if modified as described below, permanently resolve emerging resource adequacy shortfalls while respecting jurisdictional boundaries."). The Public Interest Organizations ("PIOs") consist of Sierra Club, Natural Resources Defense Council, Environmental Law and Policy Center, Appalachian Voices, and the Center for Progressive Reform. *See also* Appalachian Voices Comments at 1 ("PJM's IRAS Proposal is an ambitious, yet narrowly tailored solution to address the primary issue facing the region: the outsized and unprecedent [sic] development of large loads and the unsustainable bill impacts they have created for residential ratepayers. . . . By applying only to Load Serving Entities serving New Large Loads, whose size and operational attributes create unique concerns for the bulk transmission system and resource adequacy, PJM's IRAS Proposal does not unduly discriminate. Nor does it inappropriately cross jurisdictional lines, but will instead complement efforts already underway to address large load integration in Virginia.").

[14] Persistence Analytics Comments at 4 ("PAG supports PJM's effort to establish a Large Load Registry and an interim framework that better aligns large-load integration with resource adequacy and ratepayer protection. The proposal correctly recognizes that reliable implementation depends on more than collecting a headline [megawatt ("MW")] value."); Hans Royal Comments at 1 ("I support approval of the Interim Resource Adequacy Service (IRAS), the Large Load Registry, and the Bring Your Own New Capacity (BYONC) provisions. The July 27 Board framework followed a substantial stakeholder process and places the reliability obligation where it belongs: on new load that enters without bringing new supply, not on customers already served by the system.").

proposed IRAS as an inseverable "package," but instead—in the interest of administrative efficiency and acknowledging the urgency with which PJM must act[15]—affirmatively stated that each element is modifiable and severable so long as consistent with PJM's overarching objectives.[16] Although PJM is amenable to a certain degree of severability of the component parts of IRAS so as to provide the Commission with a degree of flexibility, this does not mean, however, that PJM is waiving its Federal Power Act ("FPA") section 205 rights, 16 U.S.C. § 824d, to a timely response from the Commission with respect to this proposal, consistent with section 205 of the FPA. Moreover, the question before the Commission, as in all section 205 proceedings, is not whether the proposal is the sole means of achieving its stated ends but whether it is a just and reasonable proposal, among the many that could be offered in protests, to address the critical reliability issue that PJM has detailed in the August 13 Filing.[17]

Given PJM's declaration that it is not proposing a package to be accepted or rejected as a whole, elements of the August 13 Filing can stand on their own and should be timely approved as just and reasonable. Most significantly, PJM highlights the importance of timely Commission approval of the following discrete elements: the Large Load Registry,[18] the definition of Large Load,[19] and the general obligation in proposed RAA,

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[15] August 13 Filing, Transmittal Letter at 9.

[16] August 13 Filing, Transmittal Letter at 9-11, 121-125.

[17] *See, e.g.*, *Cities of Bethany*, 727 F.2d 1131 (D.C. Cir. 1984) ("FERC has interpreted its authority to review rates under [the FPA] as limited to an inquiry into whether the rates proposed by a utility are reasonable—and not to extend to determining whether a proposed rate schedule is more or less reasonable than alternative rate designs." (citing *In re Pub. Serv. Co. of Ind., Inc.*, 1976 F.P.C. LEXIS 1334 (Mar. 10, 11976)); *Midwest Indep. Transmission Sys. Operator, Inc.*, 127 FERC ¶ 61,109, at P 20 (2009) ("It is well established that there can be more than one just and reasonable rate . . . ." (citing *Am. Elec. Power Serv. Corp. v. Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61,083, at P 88, *order on reh'g*, 125 FERC ¶ 61,342 (2008))).

[18] Proposed Tariff, Attachment DD-4, section VII.

[19] Proposed RAA, Article 1, Definitions – Large Load ("'Large Load' shall mean end-use customer(s) load that has a cumulative peak load of 50 [MW] or greater at a single electrical site behind one or more points of

section 7.8 that LSEs bring new capacity in an amount that equals or exceeds its New Large Loads' peak load.[20] Each of these elements are foundational to PJM's ability to put in place an effective response to the rapidly increasing large load demand in a manner that does not harm overall region-wide reliability.

The PJM Region and other regions have already experienced some of the challenging operational issues emblematic of the high volume of new large loads the PJM Region is facing today.[21] Without IRAS, the reliability concerns may soon become even more acute. Therefore, to ensure PJM has the tools to manage the region-wide reliability issues presented by the influx of large loads, the key operational tools noted above must be in place by June 1, 2027.

At bottom, IRAS is a just and reasonable means of managing the influx of New Large Loads into the PJM Region while maintaining resource adequacy, reliability, and affordability in a manner that respects the divide between state and federal authorities, provides a framework that accommodates and in fact welcomes further state action, and

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interconnection, where for configurations involving multiple affiliated load facilities or multiple points of interconnection with affiliated load facilities behind them, all affiliated load facilities within a one-mile radius will be considered a single electrical site as further described in the PJM Manuals.").

[20] The revisions to the RAA clarify an LSE's obligation to bring new capacity in an amount that equals or exceeds its New Large Loads' peak load or be subject to load reduction requests during Emergencies prior to Pre-Emergency Load Management Response ("Pre-Emergency Load Management"). Proposed RAA, section 7.8.

[21] Recently, for example, "a July 22 event saw nearly 4,000 MW of data center load trip offline unexpectedly in Virginia. It was the largest such event in PJM history." PJM interconnection, L.L.C., *PJM, Dominion Review Large Load Transfer Event*, PJM Inside Lines (Aug. 11, 2026), https://insidelines.pjm.com/pjm-dominion-review-large-load-transfer-event/ [https://perma.cc/55S2-LEWB]. Also, in recent months, PJM has repeatedly requested FPA 202(c) orders from the Department of Energy to obtain permission to dispatch backup generation, often those of data centers, in excess of environmental restrictions to manage emergency conditions due to hot weather conditions and the threats that extended heat poses to the reliability of the interstate bulk power system. As PJM informed the Department of Energy, on July 2, 2026, during the evening peak, "PJM was close to having to trigger the backup generator emergency action, if certain system contingencies were to have arisen." *Request for Extension of Existing Emergency Order No. 202-26-33 Issued Pursuant to Federal Power Act, Section 202(c)*, PJM Interconnection, L.L.C. (July 3, 2026), https://www.energy.gov/documents/pjms-202c-extension-application-202-26-33a [https://perma.cc/RS4E-F8EK].

avoids disrupting existing commercial arrangements. As discussed below, none of the protests or comments submitted in this matter[22] undermine the fact that the proposals set forth in PJM's August 13 Filing are just and reasonable and not unduly discriminatory or preferential revisions.[23] Given the importance of having tools to manage the reliability issues presented by the new large loads that have not yet brought new capacity by June 1, 2027, PJM respectfully requests that, to the extent the Commission rejects any element of this filing, the Commission either direct prescriptive changes to be implemented on compliance or provide guidance to aid PJM and stakeholders to develop a just and reasonable approach. The issues outlined herein are simply too important, and the timing too critical, for PJM and its stakeholders to have to guess in such a case as to what the Commission would find acceptable.

For the reasons set forth below and in PJM's August 13 Filing, the proposed Tariff and RAA changes should be accepted, and made effective, no later than October 12, 2026, as requested. A timely Commission order will allow PJM to proceed with the removal of Eligible New Large Loads from the VRR Curve used in the Base Residual Auction associated with the 2029/2030 Delivery Year scheduled to commence this December.

I. ANSWER

A. There Is Overwhelming Support for PJM's Proposed Large Load Registry.

The proposed Large Load Registry received overwhelming support from PJM stakeholders and commenters in this proceeding. In particular, stakeholders supported the

[22] *See* Appendix A, Protests, Comments, Requests for Clarification, and Answers Filed to Date attached hereto.

[23] While PJM's answer does not address every argument raised by intervenors, silence on any argument should not be deemed as acceptance of the arguments raised.

fact that it is needed to ensure appropriate cost allocation, and that it would provide the transparency necessary to identify large loads.[24] The Large Load Registry is designed to provide PJM with critical information affecting operations, transmission planning, and markets. For example, and as recognized by the Commission, PJM must have visibility into where Large Loads will be located so as to be prepared for operational issues distinctive to Large Loads that may arise, including protecting the transmission system from large loads unexpectedly dropping off or coming on to the grid.[25] There have been severe incidents of large loads tripping offline in PJM, which could have led to significant outages had PJM not been able to respond in time.[26] Such information will also be invaluable for states and other planning entities. The Commission should accept the Large Load Registry as just and reasonable, based on the obvious value it provides in supporting the transparent development of large loads independent of whether it is part of IRAS as a whole.

Notably, none of the comments received regarding the Large Load Registry outright oppose it. Rather, as discussed below, many commenters state that they support the Large Load Registry and offer comments that do not undermine the concept as a whole, but rather seek to modify limited aspects of it.[27]

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[24] August 13 Filing, Transmittal Letter at 30-31; *see e.g.*, *id.* at 30 ("[I]n response to a poll of stakeholders posted on July 16, 2026, 82% of the 66 stakeholder respondents agreed that a Large Load registration requirement is necessary to 'ensur[e] that costs of new capacity required to serve new large load should be allocated to data centers.'").

[25] *PJM Interconnection, L.L.C.*, 193 FERC ¶ 61,217, at P 212 n.444 (2025) ("December 2025 Show Cause Order") (citing *PJM Interconnection, L.L.C.*, Answer of PJM Interconnection, L.L.C., Docket Nos. EL25-49-000, et al., at 44 (Mar. 24, 2025)).

[26] *See* James Downing, *Data Centers' Reliability Impacts Examined at FERC Meeting*, RTO Insider (Apr. 17, 2025), https://www.rtoinsider.com/103130-ferc-gets-update-data-center-reliability/ [https://perma.cc/DU3R-PR9B] (discussing 1,500 MW drop from Louden County data center tripping offline).

[27] East Kentucky Power Cooperative ("EKPC") complains that PJM "overstated" the support it received from stakeholders because, as PJM understands the concern, the support for a registry was somehow contingent

Several parties, for example, assert that states and state consumer advocates should have broader, less-restricted access to the Large Load Registry. The Pennsylvania Public Utility Commission ("PA PUC") and the Organization of PJM States, Inc. ("OPSI"), for example, each ask the Commission to ensure that states have information sufficient to determine how curtailment should be implemented and how costs should be calculated and allocated.[28] As discussed in the transmittal letter, PJM proposed to follow its existing rules for disseminating confidential information—as set forth in the Operating Agreement, and accordingly, the information contained in the Large Load Registry will be available to Authorized Commissions, among others, subject to confidentiality requirements.[29] "Authorized Commission," in turn, is currently defined to include state public utility commissions, as well as organizations thereof.[30] It is therefore entitled to have the same access as others permitted to do so under PJM's proposal. The Public Utilities Commission of Ohio's Office of the Federal Energy Advocate ("Ohio FEA"), in fact, supports the Large Load Registry, recognizes that states will have access to it, and asserts that there should be

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upon the IRAS obligations being borne by LSEs, whereas now the Electric Distributor must "interpret the registry and or seek guidance from a [Relevant Electric Retail Regulatory Authority ("RERRA")] to determine which loads it must curtail." *See* EKPC Limited Protest at 5-6 & n.22. While it is unclear what the exact concern is, the obligation to provide information to PJM for the Large Load Registry is borne by the LSE, not the Electric Distributor directly, although PJM would welcome information provided by an Electric Distributor. *See* proposed RAA, Schedule 11, section B.1(b) ("The Parties [i.e., LSEs] acknowledge that information related to the development and maintenance of the Large Load Registry may be obtained by the Office of the Interconnection from Electric Distributors in accordance with the provisions of the Operating Agreement and the Tariff."). Regardless, PJM disputes EKPC's characterization as there was indeed broad support for a registry as evidenced in the August 13 Filing.

[28] PA PUC Comments at 7; OPSI Comments and Request for Clarification or to Sever at 7.

[29] August 13 Filing, Transmittal Letter at 28 (citing proposed RAA, Schedule 11, section B.1(d) ("Information maintained in the Large Load registry may be available to Authorized Commissions, Transmission Owners, Electric Distributors, LSEs, the Market Monitoring Unit, and FERC subject to appropriate data protection safeguards required by Operating Agreement, section 18.17.")).

[30] *See* PJM Operating Agreement, section 1, Definitions A-B ("'Authorized Commission' shall mean (i) a State public utility commission that regulates the distribution or supply of electricity to retail customers and is legally charged with monitoring the operation of wholesale or retail markets serving retail suppliers or customers within its State or (ii) an association or organization comprised exclusively of State public utility commissions described in the immediately preceding clause (i).").

no concerns with confidentiality standards as state commissions access this information.[31] To the extent that information submitted to the Large Load Registry is designated as confidential, the Authorized Commission may be required to adhere to the process necessary to access this information pursuant to Operating Agreement, section 18.17.4, which is a pre-existing section.[32] This proposal does not recommend any new restrictions, nor are any necessary, as this matter was resolved by the Commission some years ago when it approved the sharing of information with Authorized Commissions.[33]

JCA and the Office of the Ohio Consumers' Counsel ("OCC") both argue that state consumer advocates are wrongfully excluded from the list of entities that have access to the Large Load Registry.[34] The Large Load Registry is expected to collect information which may be confidential, commercially sensitive, or may implicate infrastructure security concerns. PJM must therefore only permit access to this registry to as small a universe of entities as possible, while still making sure it is available to those who require access to implement their responsibilities, as well as operational and planning needs.[35]

[31] Ohio FEA Comments at 5-6.

[32] Operating Agreement, section 18.17.4 (setting forth conditions under which PJM will disclose confidential information to an Authorized Commission).

[33] *See PJM Interconnection, L.L.C.*, 107 FERC ¶ 61,322 (2004). Joint Consumer Advocates ("JCA") similarly argue more broadly that the proposed confidentiality provisions, which point to existing Operating Agreement, section 18.17.4, may prove too onerous, thereby preventing states from accessing Large Load Registry information in a timely manner. JCA Protest and Comments at 35-37. However, they also concede that "changes to the Tariff process for handling confidential information is beyond the scope of this proceeding." JCA Protest and Comments at 37. Further, while OPSI and PA PUC express concerns regarding access to the Large Load Registry, they support it and did not express any specific concerns regarding PJM's current process for managing access to confidential information.

[34] JCA Protest and Comments at 33-35; OCC Protest at 9, 20-23. OCC further argues that it is unduly discriminatory to exclude state consumer advocates from the list. OCC Protest at 23. There is no undue discrimination here because, among other things, state consumer advocates are not similarly situated to any of the other entities who require access to the Large Load Registry to meet their legal obligations to regulate retail or wholesale rates. *See N.Y. Indep. Sys. Operator, Inc.*, 162 FERC ¶ 61,124, at P 10 (2018) ("To say that entities are similarly situated does not mean that there are no differences between them; rather, it means that there are no differences that are material to the inquiry at hand.").

[35] This is consistent with the Commission's findings when it accepted PJM's definition of "Authorized Commission." In response to comments that confidential information should also be provided to consumer

Nevertheless, PJM reiterates its commitment to publicly post aggregated data regarding, among other things, areas in PJM with the greatest concentrations of large loads.[36] This level of detail is appropriate for public use, including by state consumer advocate offices, in aiding transparency into the growth of large loads in the PJM footprint.

JCA asserts that PJM's proposed Tariff language should affirmatively state that PJM *will* validate the information provided for the Large Load Registry.[37] PJM fully intends to review the information, and when read in context, proposed RAA, Schedule 11, section B.1(c) conveys that PJM will coordinate with the "applicable Transmission Owner and Electric Distributor as needed."[38]

Old Dominion Electric Cooperative ("ODEC") asks PJM to clarify which entity is obligated to provide information to PJM for the Large Load Registry.[39] Assuming the obligated entity is the LSE, ODEC next asserts that there is certain information identified in proposed RAA, Schedule 11, section B.1(a) that LSEs may not have available to them,

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advocates' offices and joint action agencies, the Commission rejected these concerns, stating that "[t]he original purpose of establishing these provisions was to provide access to confidential information to state commissions who have the regulatory and legal authority to monitor retail electric markets within the state. The change proposed by these commenters would open up the possibility of many other state agencies being able to receive confidential information, which is not the purpose of the Commission's directive to PJM." *PJM Interconnection, L.L.C.*, 107 FERC ¶ 61,322, at P 22.

[36] *See* August 13 Filing, Transmittal Letter at 42-43, 48; *see also id.* at 42-43 ("[T]o aid transparency to the public, PJM will post aggregated data from the Large Load Registry, which will be aggregated by Electric Distributor zone/area, where possible and in a manner consistent with existing confidentiality protections. Aggregating the data by zone/area supports transparency by putting stakeholders on notice of the zones/areas that have been assigned IRAS in a given Delivery Year, that may be potentially required to reduce load under certain emergency conditions pursuant to IRAS, while maintaining the confidentiality of the data.").

[37] *See* JCA Comments and Protest at 31-33 (citing proposed RAA, Schedule 11, section B.1(c) ("The Office of the Interconnection *may* review information and coordinate with the applicable Transmission Owner and Electric Distributor as needed, regarding the validity of the information provided . . . .") (emphasis added)).

[38] JCA Protest and Comments at 31-33 (citing proposed RAA, Schedule 11, section B.1(c) ("The Office of the Interconnection *may* review information and coordinate with the applicable Transmission Owner and Electric Distributor as needed, regarding the validity of the information provided . . . ." (emphasis added)).

[39] ODEC Comments at 3-4.

and that failure to provide that information may subject them to enforcement action.[40] First, PJM clarifies that it is indeed the LSE serving a Large Load that is obligated to provide PJM with the information for the Large Load Registry.[41] Second, PJM agrees there may be instances where an LSE may not have all of the information required for the Large Load Registry readily available. That is why the proposed RAA language contemplates that Electric Distributors may provide the information for the Large Load Registry on behalf of their relevant LSEs, and that PJM will have the ability to reach out to Electric Distributors and large loads as necessary to supplement information provided by LSEs.[42]

The PJM Industrial Customer Coalition ("PJMICC") and the Industrial Energy Consumers of America ("IECA") both argue that the Large Load Registry should not include existing Large Loads, that they must be clearly exempted from all IRAS obligations if they are included, and that any data submitted must be protected.[43] PJM discussed this issue in great detail in its transmittal letter for its IRAS proposal.[44] There, PJM explained that, in fact, including existing Large Loads in the Large Load Registry will *help* ensure that PJM is able to clearly identify which Large Loads, i.e., New Large Loads, are subject to IRAS requirements. In particular, the in-service date is a critical piece of information,

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[40] ODEC Comments at 4-6.

[41] *See* proposed RAA, Schedule 11, section B.1(a) states that "[e]ach Party shall submit, or cause to be submitted, to the Office of the Interconnection the following information, as may be further described in the PJM Manuals, related to each Large Load served by the Party," and a Party to the RAA is an LSE, as stated in the Preamble to the RAA ("WHEREAS, each Party to this Agreement is a Load Serving Entity within the PJM Region") and the RAA itself is titled "Reliability Assurance Agreement *Among Load Serving Entities* In The PJM Region" (emphasis added). The RAA includes a definition of "Party" that is broader than just LSEs and PJM will continue to evaluate this.

[42] *See* proposed RAA, Schedule 11, section B.1(b) ("The Parties [i.e., LSEs] acknowledge that information related to the development and maintenance of the Large Load Registry may be obtained by the Office of the Interconnection from Electric Distributors in accordance with the provisions of the Operating Agreement and the Tariff.").

[43] PJMICC Comments at 4, 5-8; IECA Comments at 1-2.

[44] August 13 Filing, Transmittal Letter at 38-40.

because IRAS only applies to New Large Load which, pursuant to the proposed definition, go into service after June 1, 2027 (including incremental load).[45] Regardless, the information to be gathered through the Large Load Registry has benefit and usefulness outside of the IRAS context. Indeed, as PJM explained in the August 13 Filing, PJM must have visibility into the full spectrum of all Large Loads in its footprint in order to properly manage its system and ensure reliability.[46] Further, the security and confidentiality safeguards are sufficiently robust, and indeed are consistent with existing confidentiality requirements currently contained in the Operating Agreement, as discussed above.[47]

B. PJM's Proposed Definition of Large Load Is Consistent with Commission Guidance and Is Just and Reasonable.

PJM's proposed definition of Large Load, as discussed extensively in its proposal, is just and reasonable and aligned with Commission guidance as set forth in the Show Cause proceeding, which in turn was based on the record in the Department of Energy's Advance Notice of Proposed Rulemaking ("DOE ANOPR") proceeding.[48]

Despite this alignment with the Commission's guidance, several parties argue that the 50 MW threshold is unsupported or should be changed.[49] The Independent Market Monitor ("IMM") adds that the 50 MW threshold will exclude data centers with peak loads

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[45] August 13 Filing, Transmittal Letter at 38-39 (citing proposed definition of New Large Load).

[46] *See* August 13 Filing, Transmittal Letter at 41-42.

[47] Operating Agreement, section 18.17. FirstEnergy Service Company ("FirstEnergy") asserts that the list of information to be provided to PJM by LSEs should not be finalized until the *pro forma* transmission service agreement contemplated in the broader Show Cause proceeding is finalized. FirstEnergy Limited Protest and Comments at 11-12 (citing *PJM Interconnection, L.L.C.*, 196 FERC ¶ 61,129 (2026)). PJM is unclear about the connection between the two issues as framed by FirstEnergy, since any transmissions service agreement does not appear to have any bearing on the information that will be contained in the proposed Large Load Registry. To the extent that any connection arises, PJM can address any need to revisit the list of information at that time.

[48] August 13 Filing, Transmittal Letter at 31-32.

[49] *See* PJMICC Comments at 4; IECA Comments at 2; Talen Protest at 9-10.

less than that amount.[50] PJMICC and IECA further argue that the "baseline" MW level for existing Large Loads should be established, such that only the net 50 MW above that baseline would trigger IRAS requirements.[51] As mentioned, PJM discussed the support for the 50 MW threshold, specifically finding that 50 MW was entirely in keeping with what was contemplated by the Commission, as discussed in the DOE ANOPR proceeding.[52] No information presented by any of these parties renders PJM's proposed threshold unjust and unreasonable. Further, PJM disagrees that there should be any "baseline" established above which only the net MW would be considered for IRAS purposes. Since PJM has proposed that 50 MW is the appropriate threshold necessary for purposes of tracking Large Loads and ensuring that PJM has visibility into them in order to ensure reliability, it would be entirely contradictory to simply ignore any MW that may have existed at a Large Load before an additional 50 MW were added. Given the reliability and operational purposes of the Large Load Registry, PJM must have visibility into all Large Loads for registry purposes to ensure reliability and facilitate proper planning for the region, and existing Large Loads should be treated no differently.

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[50] IMM Comments at 29-31.

[51] PJMICC Comments at 10-11; IECA Comments at 2.

[52] *See PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,211, at P 58 (2026) ("June 2026 Order to Show Cause") (citing *Interconnection of Large Loads to the Interstate Transmission System*, Motion to Intervene and Comments of DTE Electric Company, Docket No. RM26-4-000, at 3, 17-19 (Nov. 21, 2025) (recommending a threshold of an amount between 50 MW to 100 MW); *Interconnection of Large Loads to the Interstate Transmission System*, Comments of the People of the State of Illinois by the Office of the Illinois Attorney General, Docket No. RM26-4-000, at 7 (Nov. 21, 2025) (supporting a 20 MW or 50 MW threshold and consideration of other factors, such as voltage level); *Interconnection of Large Loads to the Interstate Transmission System*, Comments of ITC, Docket No. RM26-4-000, at 3 (Nov. 21, 2025) (recommending a threshold of between 50 MW to 100 MW); *Interconnection of Large Loads to the Interstate Transmission System*, Comments of the Nebraska Power Board in Response to the Invitation to Submit Comments in the Advance Notice of Proposed Rulemaking, Docket No. RM26-4-000, at 4 (Nov. 21, 2025) (proposing a 50 MW threshold); *Interconnection of Large Loads to the Interstate Transmission System*, Initial Comments of the New Mexico Public Regulation Commission, Docket No. RM26-4-000, at 5 (Nov. 21, 2025) (proposing a 50 MW threshold)).

EKPC, Ohio Energy Leadership Council ("Ohio ELC"), and FirstEnergy contend that PJM should differentiate between data center Large Loads/computational Large Loads and other types of Large Loads, such as manufacturing or industrial loads.[53] PJM implemented the approach the Commission set forth in the June 2026 Show Cause Order, and as described in the August 13 Filing, adjusted the definition consistent with regional practices.[54] These entities have shown no basis for deviating from the Commission's approach of treating data center or computational, manufacturing, industrial, or other types of Large Load the same.[55]

C. There Is Widespread Support to Establish a Policy that New Large Loads Must Bring New Capacity.

Based on the filings in this proceeding, there is widespread support for the notion that all LSEs in PJM serving New Large Loads via Network Integration Transmission Service ("NITS") must bring new capacity to satisfy the resource adequacy needs of such New Large Load.[56] Adoption of this policy was a key element of the August 13 Filing.[57] Specifically, PJM proposed to include as the first sentence of proposed RAA, section 7.8:

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[53] EKPC Limited Protest at 25-27; Ohio ELC Comments and Limited Protests at 3-8; FirstEnergy Limited Protest and Comments at 10-11.

[54] *See* August 13 Filing, Transmittal Letter at 31-36.

[55] PJMICC and IECA both assert that PJM should clarify that its measurement of "peak load" aligns with retail behind-the-meter generation rules approved by the Commission. PJMICC Comments at 14; IECA Comments at 3. This issue is outside the scope of this proceeding, and in any event, would be ultimately decided in conjunction with state retail authorities.

[56] Buckeye Limited Comments at 2; OPSI Comments and Request for Clarification or to Sever at 6.

[57] *See* August 13 Filing, Transmittal Letter at 3-4, 21-22.

> Effective June 1, 2027, each LSE that desires to provide Network Transmission Service to support New Large Loads must designate one or more Generation Capacity Resources or Capacity Storage Resources that had not cleared an RPM Auction as Network Resource(s) in a cumulative amount that equals or exceeds the LSE's New Large Load's peak load (in MW) as reported in the Large Load Registry pursuant to RAA, Schedule 11 or such New Large Load may be subject to load reduction requests during Emergencies prior to Pre-Emergency Load Management Response.

PJM proposed to include this policy in the RAA, i.e., the "Reliability Assurance Agreement Among Load Serving Entities in the PJM Region." As its title makes clear, the RAA establishes the policy and methods for addressing resource adequacy. All LSEs in PJM must sign the RAA and are bound by its terms and conditions. By including this sentence in RAA, Article 7, PJM intends to establish the policy that New Large Loads must bring new capacity or PJM may request that they reduce their energy consumption to alleviate emergency conditions.[58]

As PJM explained,[59] this policy is consistent with the Ratepayer Protection Pledge introduced in March 2026[60] and recently expanded in July 2026,[61] which assures that New

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[58] To be clear, this is designed as a condition of New Large Loads interconnecting and taking Network Transmission Service. To the extent the New Large Load takes one of the alternative transmission services being addressed through other proceedings, this policy would not immediately apply. In fact, as Mr. Christopher Pilong explained, this policy inherently would not apply to New Large Loads being served via non-firm transmission services, as they would have been curtailed prior to this stage of addressing emergency conditions. *See* August 13 Filing, Affidavit of Christopher Pilong on Behalf of PJM Interconnection, L.L.C. (Attachment C) ¶ 12 ("Pilong Aff.").

[59] *See* August 13 Filing, Transmittal Letter at 4-5.

[60] Ratepayer Protection Pledge.

[61] *See* Ratepayer Protection Pledge Announcement; July 2026 Ratepayer Protection Pledge Update (identifying over 300 organizations that include over 250 utilities, cooperatives, and transmission cooperatives to municipal utilities and state associations, 44 data center developers, 7 Artificial Intelligence companies, and 23 governors that joined the Ratepayer Protection Pledge. The 38 data center developers include: Aligned Data Centers, LLC; Amazon.com, Inc.; Applied Digital Corporation; Beale Infrastructure Group, LLC; Bitdeer Technologies Group; CleanSpark LLC; Cloud HQ LLC; Cologix, Inc.; Compass Datacenters, LLC; Core Scientific, Inc.; CoreWeave, Inc.; Corscale, LLC; Crusoe Technologies LLC; CyrusOne, Inc.; DataBank Holdings, Ltd.; Digital Realty Trust, Inc.; Diode Ventures, LLC, a Black & Veatch company; EdgeConnex Inc.; EdgeCore Digital Infrastructure (d/b/a EdgeCore Internet Real Estate, LLC); Equinix, Inc.; Google LLC ("Google") (d/b/a Alphabet Inc.); Iron Mountain Incorporated; Meta Platforms, Inc.; Keel Infrastructure Corp.; Lambda; Microsoft Corporation; Nebius Group N.V.; NTT Global Data

Large Loads will, at a minimum, "build, bring, or buy the new generation resources and electricity needed to satisfy their new energy demands, paying the full cost of those resources whether by building, or buying from, new or otherwise additive power plants" because it "advances self-sufficiency and protects Americans from higher prices."[62] Indeed, this policy furthers the federal policy stated in the Ratepayer Protection Pledge by requiring action consistent with the pledge, and incentivizes New Large Loads to invest in new Capacity Resources to meet their needs and—importantly—protect native loads from the cost increases driven by New Large Loads. Commission rejection of this statement of policy in the RAA would effectively bring into question, if not displace, the commitments that large loads and LSEs have already made by signing the Ratepayer Protection Pledge.

D. IRAS Divides Authority over Responses to an Interim Resource Adequacy Event in a Manner Consistent with Commission Jurisdiction.

The IRAS framework is deliberately designed with the relevant Commission precedent on how "issues" related to large load additions "require the involvement of both federal and state actors"[63] in mind. Ultimately, "[s]tripped of embellishment, the facts are straightforward," as the Pennsylvania Governor's Office explains:

> [U]nder IRAS, PJM can only direct "a MW quantity of load reduction to the relevant Electric Distributer zone(s)/area(s)"—it neither targets nor directs specific retail customers to be subject to curtailment, nor compels or restricts the authority of the retail authority to prioritize among the retail customers that must be

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Centers (d/b/a NTT DATA, Inc.); OpenAI, L.L.C.; Oracle Corporation; Oppidan Connect Data Centers (d/b/a Oppidan Investment Company); Prologis, Inc.; Quality Technology Services, LLC; Rowan Digital Infrastructure Pty. Ltd.; Skybox Datacenters, LLC; Skylar Opportunities LLC; STACK Infrastructure, Inc.; Starwood Digital Ventures (d/b/a Starwood Capital Operations, LLC); Stream Data Centers, L.P.; Switch, Inc.; T5Data Centers, LLC; TA Realty LLC; Vantage Data Centers Management Company, LLC; and x.AI LLC).

[62] Ratepayer Protection Pledge.

[63] *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,115, at P 66, *order directing compliance*, December 2025 Show Cause Order, 193 FERC ¶ 61,217.

> curtailed in order to meet the required MW quantity of bulk load reduction and safeguard the reliability of the grid.[64]

Likewise, the PIOs comment that IRAS "relies on a clear division of labor between PJM, Electric Distributors, LSEs, state authorities, and end-use customers. PJM proposes new rules that directly affect wholesale market prices and grid reliability. Even if those federal rules affect retail customer behavior, they are legally sound."[65] The New Jersey Board of Public Utilities ("NJ BPU") similarly states that IRAS "strikes an appropriate balance between state and federal jurisdictional divisions in the Federal Power Act" and that it "falls squarely within PJM's authority in maintaining resource adequacy at the wholesale level."[66]

1. IRAS is targeted expressly at improving PJM's wholesale market by supporting resource adequacy and the reliability of the PJM Region.

Some protestors allege that the IRAS framework exceeds the Commission's jurisdictional boundary between wholesale and retail capacity markets, "because it targets particular retail customers[,]" i.e., large loads.[67] Protestors' claims are supported by neither fact nor law. Indeed, a clear-eyed review of what it actually means to "target" retail customers makes this abundantly clear.

As the Supreme Court of the United States has held, to the extent a rule may affect both federally regulated wholesale rates and non-federally regulated retail rates, it is important to consider "the target at which" the rule aims.[68] Whether such a rule "targets"

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[64] PA Governor Answer at 10 (citation omitted).

[65] PIOs Limited Protest at 18.

[66] NJ BPU Comments and Limited Protest at 3-4.

[67] Google Protest at 8, 10; Vistra Protest at 2.

[68] *ONEOK, Inc. v. Learjet, Inc.*, 575 U.S. 373, 385 (2015) ("Accordingly, where (as here) a state law can be applied to nonjurisdictional as well as jurisdictional sales, we must proceed cautiously, finding pre-emption

retail or wholesale customers turns on the *justification* for the rule, *not* on whether or the extent to which the rule affects or even compels action of retail or wholesale customers.[69]

In *EPSA*, the Supreme Court concluded that the Commission's regulation of demand response targets wholesale sales,[70] because the Commission's "justifications for regulating demand response are all about, and only about, improving the wholesale market."[71] The details here are important. In *EPSA*, the Court found that the Commission's justifications for the Rules are focused on the impacts of demand response participation on wholesale rates—namely:

- "help[ing to]create a 'well-functioning competitive wholesale electric energy market' with 'reduce[d] wholesale power prices;'"
- "'enhanc[ing] reliability;'"
- "'help[ing to] improve the functioning and competitiveness of [wholesale energy] markets' by replacing high-priced, inefficient generation;" and
- "exerting 'downward pressure' on 'generator bidding strategies' and 'support[ing] system reliability.'"[72]

Thus, the Court held: "The retail market figures no more in the Rule's goals than in the mechanism through which the Rule operates."[73] In other words, because the justifications provided by the Commission were "about, and only about, improving the wholesale market," the Court concluded that the proposed demand response rules targeted wholesale rates, and thus fell within the Commission's jurisdictional authority.

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only where detailed examination convinces us that a matter falls within the pre-empted field as defined by our precedents.").

[69] *FERC v. Elec. Power Supply Ass'n*, 577 U.S. 260, 264 (2016) ("*EPSA*").

[70] *EPSA*, 577 U.S. at 282 (citing *ONEOK*, 575 U.S. at 385).

[71] *EPSA*, 577 U.S. at 282.

[72] *EPSA*, 577 U.S. at 282-83 (some alterations in original).

[73] *EPSA*, 577 U.S. at 283.

Likewise, the justifications that PJM has provided for IRAS demonstrate that the target or aim of IRAS is targeted to PJM's wholesale market and enhancing the reliable operation of the bulk electric power system. Specifically, the reasons for IRAS that PJM has enumerated are as follows:

- "support[ing] system reliability in the PJM Region," where "the unprecedented addition of large loads, most notably data centers, have given rise to resource adequacy shortfalls—and associated real-time operational issues that IRAS is intended to address;"[74]
- providing a new tool in "situations where PJM determines that the available economic real-time supply may be insufficient to maintain reserves to meet applicable Reserve Requirements and/or Interconnection Reliability Operating Limits ("IROL") within prescribed limits and prevent cascading outages;"[75] and
- providing "tools to address situations where regional resource adequacy shortfalls would jeopardize reliability."[76]

Indeed, the Commission has long held that "maintaining adequate resources within PJM has a significant and direct effect on jurisdictional rates and services, and therefore falls within the Commission's jurisdiction. . . . If insufficient resources are made available, system reliability throughout the PJM grid may be compromised. In addition, where resource demand exceeds the supply, the price for capacity may increase. These are direct effects on Commission-jurisdictional rates."[77] IRAS addresses system reliability and resource adequacy of the PJM Region, which have direct effects on Commission-jurisdictional rates. PPL Electric Company ("PPL") puts it this way:

> [T]he intended objective of IRAS is clear and unequivocal—"to maintain system reliability for the purpose of supporting the

[74] August 13 Filing, Transmittal Letter at 6.

[75] August 13 Filing, Transmittal Letter at 2.

[76] August 13 Filing, Transmittal Letter at 3.

[77] *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,318, at P 48 (2007), *aff'd sub nom.*, *Pub. Serv. Elec. & Gas Co. v. FERC*, 324 F.App'x 1 (D.C. Cir. 2009); *id.* PP 46-47 & nn.68-70 (The "other cases" to which the order refers are *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274, at PP 1113-1114 (2006); *Cal. Indep. Sys. Operator Corp.*, 115 FERC ¶ 61,172, at P 36 (2006); *Gainesville Utils. Dep't v. Fla. Power Corp.*, 402 U.S.

> integration of New Large Loads to the PJM Region that are not in arrangements with new capacity additions to the PJM Region." In other words, IRAS serves a fundamentally PJM-specific regional and FERC-centric purpose, and is not intended to fulfill any smaller state or local jurisdictional legal function under FPA section 201.[78]

"PJM's proposal is," as the PA Governor Answer states, "manifestly aimed at provision of a wholesale product or service, and at ensuring reliable operation of the bulk power system; each is clearly within its jurisdiction."[79] Conversely, the retail market does not figure at all in the justifications for IRAS.[80]

Other elements of PJM's August 13 Filing are unquestionably within the Commission's jurisdiction. Specifically, the Large Load Registry, defining Large Load, establishing the policy New Large Loads must bring new capacity, and the treatment of large loads in the demand curve used to clear RPM Auctions.

2. IRAS appropriately reflects the division of authority over wholesale and retail rates.

Several protestors take issue with the IRAS framework's division between federal and state responsibilities. PPL argues that New Large Loads are "the entities actually 'providing' IRAS as a wholesale, Commission-jurisdictional rate service to PJM[,]"[81] and therefore IRAS represents an improper incursion on retail customers. Constellation Energy Generation, LLC ("Constellation") alleges that IRAS "takes a federal reliability

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515, 529 (1971) (Commission has the "responsibility to the public to assure reliable efficient electric service"); *ISO New Eng., Inc.*, 118 FERC ¶ 61,157, at P 19 (2007)).

78 PPL Protest and Request for Clarification at 6.

79 PA Governor Answer at 7.

80 *See EPSA*, 577 U.S. at 283.

81 PPL Protest and Request for Clarification at 8.

function . . . and transforms it into a federal regulatory regime governing which categories of retail customers must procure generation" or accept potential load reductions.[82]

But, as the PIOs note, "[t]hroughout every element of the proposed IRAS Framework, PJM has a specific and limited role with no direct control over retail end-use customers."[83] First, as to resource adequacy issues generally, the Commission has long "recognize[d] the traditional role of state and local entities in regulating resource adequacy" while also remaining "aware of [the Commission's] responsibilities under the FPA to ensure that adequate service is provided, and that wholesale rates are just and reasonable."[84] The Commission "defer[s] to state and local entities' decisions when possible on resource adequacy matters, but in doing so . . . must not shirk our congressionally-mandated responsibilities."[85] The *Michigan v. Department of Energy* decision, issued in September 2026 by the United States Court of Appeals for the District of Columbia, expressly held that "the complexity of state planning processes helps to explain why the Federal Power Act leaves resource adequacy to be managed by states, utilities, *and their RTOs*."[86]

Second, "the mechanism through which [IRAS] operates"[87] falls squarely within the realm of PJM's authority to require load reduction under real-time conditions that may give rise to system instability or a capacity shortfall.[88]

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[82] Constellation Protest and Comments at 13.

[83] PIOs Limited Protest at 18 (citing *EPSA*, 577 U.S. at 281).

[84] *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,318 at P 40 (requiring PJM to "allocate costs to data centers" in a manner similar to that as urged in the NEDC/PJM Governors' Principles at 1).

[85] *PJM Interconnection*, 119 FERC ¶ 61,318 at P 40.

[86] *Mich. v. Dep't of Energy*, 2026 U.S. App. LEXIS 27898, at *44 (D.C. Cir. Sep. 11, 2026) (emphasis added).

[87] *EPSA*, 577 U.S. at 283.

[88] PA Governor Answer at 9 ("In short, PJM is asserting no new novel authority in proposing IRAS, but rather is enhancing its deployment of existing tools to better ensure bulk system reliability (directing load

Third, the Commission has, by its own accounts, accepted proposed tariffs and agreements "related to large loads connecting to the transmission system . . . while rejecting those that exceed the Commission's jurisdiction" in recent years.[89] The Commission has, in recent years, reiterated that it "has exclusive authority over the rates, terms, and conditions for the sales from generating resources used to serve [generation co-located with large loads], as well as the practices directly affecting such sales, *provided* that they are sales for resale in interstate commerce."[90] In other words, the jurisdictional boundaries with respect to large load issues are not built on a *tabula rasa*. Commission precedent provides valuable guidance.

Much of that guidance was addressed in the August 13 Filing and PJM does not repeat itself here.[91] As PJM noted in its August 13 Filing, under the IRAS framework, PJM "may issue directives to Electric Distributors to reduce load by a certain MW quantity during certain, limited emergency conditions. The Eligible New Large Load Amount attributable to each Electric Distributor zone/area will be guided by the Large Load Registry. . . . PJM will not direct reductions to specific New Large Loads pursuant to IRAS."[92]

However, it is worth noting that, following PJM's August 13 Filing, the Commission, in *Tri-State Generation and Transmission Association, Inc.* ("*Tri-State*"),

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shed to areas with concentrations of non-capacity backed new large loads) and equitable wholesale market rates (more fairly allocating the risk of curtailment to zones or areas of the grid that have most contributed to the problem.").

[89] *Interconnection of Large Loads to the Interstate Transmission System*, 195 FERC ¶ 61,045, at P 2 (2026).

[90] *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,115 at P 71; *see* August 13 Filing, Transmittal Letter at 89-92.

[91] August 13 Filing, Transmittal Letter at 89-94.

[92] August 13 Filing, Transmittal Letter at 92.

held that, in its revised form, Tri-State Generation and Transmission Association, Inc.'s ("Tri-State") proposed, amended tariff provisions addressing "concerns regarding the rapid growth of large loads," do *not* constitute "an impermissible intrusion upon retail rate regulation."[93]

Specifically, Tri-State proposed a High Impact Load Tariff and *pro forma* High Impact Load Agreement (together, "HIL Program") which, *inter alia*, defines a large load, i.e., HIL, in Tri-State,[94] and imposes requirements on Tri-State Utility Members with large loads such as: a biennial study cycle that begins with a "meeting with Utility Members and their potential HIL Customers[;]" payment of a "non-refundable HIL Evaluation Fee;" agreement "to a HIL Agreement to be executed by the Utility Member and Tri-State to facilitate the responsibility for serving the HIL project[;] and "security in the amount of $1.869 million/MW."[95] Despite all these mandates on Utility Members, however, the Commission found that the HIL Tariff is also appropriately limited, as it "imposes obligations only on Tri-State's Utility Members and leaves those same Utility Members full discretion as to whether they will flow those terms through to their non-jurisdictional [retail customer contracts]."[96]

The Commission reasoned that, although Tri-State's HIL Program addresses "concerns regarding the rapid growth of large loads,"[97] even where certain "requirements could affect [retail customers,] . . . the United States Supreme Court has explained that the

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[93] *Tri-State Generation & Transmission Ass'n.*, 196 FERC ¶ 61,127, at P 68 (2026).

[94] *Tri-State*, 196 FERC ¶ 61,127 at P 11 ("Tri-State proposes to define a HIL as load exceeding or forecasted to exceed 45 MW within four years and being served from a single Tri-State delivery point.").

[95] *Tri-State*, 196 FERC ¶ 61,127 at PP 11-14.

[96] *Tri-State*, 196 FERC ¶ 61,127 at P 25.

[97] *Tri-State*, 196 FERC ¶ 61,127 at P 68.

spheres of federal and state authority over electricity are not 'hermetically sealed' from one another[.]"[98] Thus, in *Tri-State*, the Commission concluded that, even if the HIL Program does affect the quantity or terms of retail sales, "Tri-State's proposal does not present an impermissible intrusion on retail rate regulation."[99]

Likewise, while the IRAS framework may ultimately affect retail customers, it cannot be said to "present an impermissible intrusion upon retail rate regulation."[100] The IRAS proposal places terms and conditions on LSEs, not end-use retail customers. The LSEs in turn resell capacity and energy to their customers. The IRAS falls clearly within FERC's authority over regulating the terms and conditions of sales for resale.

By way of example, as several intervenors observe, the IRAS framework directs a wholesale response during an Interim Resource Adequacy Event.[101] During such an event, PJM would determine the quantity of MW that load in a zone/area would need to be reduced by to maintain system reliability in the PJM Region and provides a directive to Electric Distributors accordingly, but would leave it to the states to "determine—under their own laws, policies, and definition of what constitutes 'large load'—which resources will actually be called on at the retail level to reduce load."[102] In implementing IRAS, PJM will be issuing broad load reduction directives to Electric Distributors. PJM "will *not* direct specific LSEs and/or specific customers of LSEs—including specific Large Loads—to reduce their load and/or switch to on-site backup resources. Those decisions would be

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[98] *Tri-State*, 196 FERC ¶ 61,127 at P 68 (quoting *EPSA*, 577 U.S. at 281).

[99] *Tri-State*, 196 FERC ¶ 61,127 at P 66.

[100] *Tri-State*, 196 FERC ¶ 61,127 at P 66.

[101] PIOs Limited Protest at 19 ("PJM will respect jurisdictional boundaries by directing IRAS Actions at the wholesale level."); PPL Protest and Request for Clarification at 6 ("IRAS is a new wholesale rate service, with rates, terms, and conditions established under the jurisdictional authority of the Commission.").

[102] August 13 Filing, Transmittal Letter at 87.

addressed in revised state retail tariffs," which already provide rules for load reduction among various retail customer classes.[103] Electric Distributors, in coordination "with the relevant state(s) or RERRA(s), individual Load Serving Entities, and customers served by the Load Serving Entities in its zone/area"[104] will retain *full discretion* as to *how* PJM's instructions to reduce MW in a zone/area to maintain system reliability in the PJM Region will ultimately be carried out just as they do today.

Indeed, states are stepping up to the challenge. For example, the PA PUC, on September 10, 2026, passed a Motion of Vice Chair Kimberly Barrow that directed staff to draft a "Tentative Order outlining proposed amendments and modifications that electric distribution companies must make to their tariffs to incorporate a pre-emergency provision that implements curtailment protocols" and to "outline proposed amendments and modifications that electric distribution companies must make to their emergency load control procedures for emergency events, unless the large load customer has secured incremental electric capacity for the entirety of its demand as proposed by PJM[.]"[105]

In keeping with the United States Court of Appeals for the Third Circuit decision, *New Jersey Board of Public Utilities v. FERC*, IRAS permits states to retain authority over retail customers and retail rates while also "prevent[ing] the state's choices from adversely affecting wholesale capacity rates. Such action falls squarely within FERC's jurisdiction."[106] The Commission's recent findings on the jurisdictional divide on large

[103] August 13 Filing, Transmittal Letter at 86-87.

[104] August 13 Filing, Transmittal Letter at 87 (quoting proposed Tariff, Attachment DD-4, section III(c)).

[105] Vice Chair Kimberly Barrow, *Directing Staff to Issue Tentative Order Pursuant to the Public Utility Commission's Provisions at 52 Pa. Code Section 57.52 (Emergency load control and energy conservation by electric utilities) and Establish a Technical Conference On Large Computational Load Cost Allocation*, Pennsylvania Public Utility Commission, 2 (Sep. 10, 2026), https://www.puc.pa.gov/pcdocs/1949305.pdf [https://perma.cc/7UFL-ZX6D].

[106] *N.J. Bd. of Pub. Utils. v. FERC*, 744 F.3d 74, 98 (3d Cir. 2014).

load issues is clear: "[S]tates retain exclusive jurisdiction over the terms of retail sales" including "how the costs of the wholesale sale and transmission of electricity assigned to a wholesale customer are allocated among that wholesale customer's retail customers."[107] Likewise, states will retain authority over how IRAS responsibility is allocated among their retail customers.

3. *Intervenors make contradictory claims that IRAS imposes mandatory and involuntary rules on end-use retail customers and IRAS improperly foists responsibility on the states. Neither are true.*

Several intervenors characterize IRAS as imposing mandatory and involuntary load reduction requirements directly on end-use retail customers, and thus improperly regulating retail rates.[108] Simultaneously, protestors also assert that PJM's proposal has "foisted onto the states the responsibility for implementing IRAS without consulting with them on the program's design."[109] Moreover, the Data Center Coalition ("DCC") argues for rejection of IRAS on one hand in favor of state jurisdiction but then bemoans that if states take different positions on curtailment, it will not be clear that IRAS will deliver its intended reliability benefits.[110] But, as the Pennsylvania Governor's Office observes, "protestors cannot logically claim both that PJM's proposal unlawfully 'targets retail customers' *and* that PJM's proposal is fatally flawed *because it cannot guarantee* which individual retail customers are curtailed. Both cannot be true."[111]

PPL argues, to no avail, that "[t]he issue is not about which entity gets to identify the specific individual Eligible New Large Loads that must provide IRAS when PJM calls

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[107] *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,115 at P 68.

[108] *See, e.g.*, PPL Protest and Request for Clarification at 10.

[109] Google Protest at 11.

[110] DCC Protest at 5.

[111] PA Governor Answer at 9-10.

for it. The issue is that, when called upon to provide IRAS under that process, the Eligible New Large Load cannot say no."[112] First, the issue of jurisdiction *is* about which entity gets to identify the retail customers who ultimately respond to PJM's directives to reduce load. PJM's answer is straightforward—the states and/or RERRAs, in coordination with Electric Distributors and their LSEs and retail customers served by those LSEs ultimately identify those retail customers. Second, PJM has, in fact, been continuously consulting and communicating with states and other stakeholders on the design of IRAS for over a year.[113] Third, the IRAS framework does not determine whether any specific retail customers can say no. Just as the identity of the retail customers who are ultimately implicated by PJM's directives to reduce a MW quantity of load is not decided by PJM, under the IRAS framework, it is also *not* up to PJM to determine whether, as PPL puts it,[114] retail customers can say no. That—and the regulation of the terms and conditions of retail rates, and the regulation of retail customers—remains within the exclusive jurisdiction of the states. As noted previously, PJM's load reduction directives will be informed by the degree to which load in a certain zone/area's IRAS responsibility has been reduced through MW of BYONC or Allocated RBP UCAP MW. However, PJM will direct load reduction directives to Electric Distributors, while states/RERRAs may determine which retail customers will implement the load reduction directives.

The division of labor between PJM and the states is firmly supported by Commission precedent. In *Tri-State*, the Commission upheld an analogous division of

[112] PPL Protest and Request for Clarification at 10.

[113] NJ BPU Comments and Limited Protest at 3 ("PJM's Proposal at the Federal Energy Regulatory Commission ("FERC") reflects almost a year of deliberation and stakeholder engagement surrounding the feasibility and potential implications of implementing such a program.").

[114] PPL Protest and Request for Clarification at 10.

responsibilities and ultimately found that Tri-State's HIL Program "imposes obligations only on Tri-State's Utility Members and leaves those same Utility Members full discretion as to whether they will flow those terms through to their non-jurisdictional [retail customer contracts]."[115] The Commission was not persuaded by arguments, similar to those made in this proceeding, that "Tri-State's proposal exceeds the Commission's jurisdiction because Tri-State's 'encouragement' that members include [Member Contract High Impact Load] provisions that are consistent with HIL requirements functionally dictates they do so."[116] Indeed, the Commission explains that this is not enough to "convert permissible Commission-jurisdictional requirements into impermissible retail terms and conditions."[117]

Similarly, the contention that PJM has "compelled states"[118] to conform to IRAS is unavailing. Under IRAS, PJM directs Electric Distributors to reduce MW quantities of load in a zone/area when PJM has determined that "the available economic real-time supply may be insufficient to maintain reserves to meet applicable Reserve Requirements and/or [IROL] within prescribed limits and prevent cascading outages."[119] PJM expressly declines to dictate which retail loads must be reduced.[120]

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[115] *Tri-State*, 196 FERC ¶ 61,127 at P 25.

[116] *Tri-State*, 196 FERC ¶ 61,127 at P 68.

[117] *Tri-State*, 196 FERC ¶ 61,127 at P 68.

[118] DCC Protest at 3.

[119] August 13 Filing, Transmittal Letter at 2.

[120] August 13 Filing, Transmittal Letter at 82.

E. Calling for IRAS Load Reductions Before Pre-Emergency Load Management Properly Reflects the Resource Adequacy Risk of New Large Loads that Have Not Brought New Capacity and Protects Native Loads from the Cost and Reliability Impacts of Such New Large Loads.

Interim Resource Adequacy Service will be an operational tool available for PJM's operators to maintain system reliability when the system has exhausted all available economic resources (i.e., all available generation, storage, and Economic Load Response Participant resources), and *before* PJM calls upon Pre-Emergency Load Management. "In other words, [as] the region is approaching a capacity event[,] . . . PJM [will] direct Electric Distributors to reduce those New Large Loads that have failed to cover their capacity obligations *before* relying on Demand Resources, through Pre-Emergency Load Management Reductions Actions, to maintain reliability."[121] This sequence is just and reasonable. The Eligible New Large Loads available to provide IRAS have not satisfied their respective capacity needs through BYONC, and therefore, should not obtain the capacity benefit of Demand Resources.

1. The states broadly recognize the benefits and purpose of calling IRAS before Pre-Emergency Load Management.

OPSI, NJ BPU, the Pennsylvania Governor's Office, Ohio FEA, and Ohio ELC each express strong support for PJM's proposed placement of IRAS within the sequence of PJM's operational tools for addressing emergency conditions.[122] These entities recognize that PJM's proposal:

- "appropriately places the initial operational consequences of a capacity shortfall on the amount of demand associated with NLLs that entered the system without sufficient new capacity, with an eye towards

[121] August 13 Filing, Transmittal Letter at 79.

[122] For more discussion of how and when PJM would utilize IRAS to address emergencies, please see August 13 Filing, Pilong Aff.

protecting existing customers and preserving demand response resources;"[123]

- "reduces the likelihood that NLL-driven resource adequacy shortfalls will unnecessarily trigger scarcity conditions, which inflated escalates energy prices that all loads must pay;"[124]
- "creates a strong incentive for New Large Loads to engage in bilateral agreements, which is the best way to protect ratepayers from the costs and risks associated with load growth from these customers while also resulting in new MW of supply to the system;"[125]
- "will help maintain the participation of certain load management reduction resources, like [Demand Resources], by minimizing 'fatigue' that can occur from being over-called on during stress events;"[126]
- "will avoid escalating emergency procedures that include but are not limited to shortage pricing and public calls for conservation, which would represent socialization of costs, both financial and reliability related, being imposed by non-capacity backed new large loads upon all customers;"[127] and
- "places curtailment responsibility where the associated resource adequacy risk originates."[128]

They also recognize that conversely:

- calling on IRAS later "would impose significant financial impact and shift reliability risk to other customers"[129] by "shift[ing] the consequences of that shortfall onto customers and resources that did not cause it;"[130] and
- "if PJM were to call IRAS Actions *after* Demand Response Resources have been exhausted, this would eliminate the incentive of NLL to contract for new capacity because they would be insulated from curtailment by Demand Response."[131]

[123] OPSI Comments and Request for Clarification or to Sever at 4; *see also* Ohio FEA Comments at 7 ("[I]t is reasonable for large loads that do not play a role in remedying the supply and demand imbalance to be curtailed prior to other load.").

[124] OPSI Comments and Request for Clarification or to Sever at 4.

[125] NJ BPU Comments and Limited Protest at 5.

[126] NJ BPU Comments and Limited Protest at 5.

[127] PA Governor Answer at 8.

[128] OPSI Comments and Request for Clarification or to Sever at 5.

[129]Ohio FEA Comments at 7.

[130] OPSI Comments and Request for Clarification or to Sever at 5.

[131] Ohio FEA Comments at 7; Ohio ELC Comments and Limited Protests at 9.

Accordingly,

- "prioritizing IRAS Actions is a necessary step to comply with the Statement of Principles Regarding PJM, as signed by the National Energy Dominance Council and the 13 PJM governors, and the Ratepayer Protection Pledge."[132]

As is evident, the states recognize the benefits and purpose of calling for IRAS prior to Pre-Emergency Load Management.

In contrast, the DCC, Constellation, and the IMM argue against PJM being able to call on IRAS before Pre-Emergency Load Management. Their arguments can be boiled down to the proposal (1) is not supported;[133] (2) is contrary to cost causation principles;[134] and (3) will increase costs to load.[135] None of these has merit, as demonstrated in turn below.

2. Contrary to the DCC and IMM, the record clearly supports authorizing PJM to be able to manage emergency conditions by issuing an IRAS Action before Pre-Emergency Load Management.

The DCC and IMM allege that "PJM has not provided a supportable reason to justify giving IRAS priority over existing compensated Demand Resources."[136] The allegation is belied by the record, which provides a number of reasons why such sequencing of operator actions is just and reasonable.[137] In addition to the reasons stated above by

[132] Ohio FEA Comments at 7.

[133] DCC Protest at 16-19; IMM Protest at 17.

[134] DCC Protest at 19-22.

[135] IMM Protest at 16-18; Constellation Protest and Comments at 42-45.

[136] IMM Protest at 17; *see also* DCC Protest at 17 ("PJM has not demonstrated that it is just and reasonable to direct the curtailment of retail customers prior to deploying Demand Resources that have been committed precisely to avoid such service disruptions.").

[137] *See* Pilong Aff. ¶ 15 ("while there is a sequence of escalating emergency action steps set forth in PJM Manual 13, the rapidness of system events influences the timing and order of actions necessary to maintain system reliability. Therefore, PJM Dispatchers "have the flexibility to implement emergency procedures in whatever order is required to ensure system reliability. Likewise, they have the flexibility to exit emergency procedures in a different order than they were implemented." (citing PJM Manual 13, section 2.3)).

supporting commenters, the August 13 Filing explained that allowing PJM to issue an IRAS Action before calling on Pre-Emergency DR is justifiable and appropriate because these Eligible New Large Loads "failed to cover their capacity obligations."[138] PJM also explained that calling IRAS reductions after Pre-Emergency DR "would reduce the incentive for New Large Loads to bring new capacity to the system, as they would be insulated by the Demand Resource capacity products."[139] Neither the DCC nor the IMM refuted these arguments.

Further, issuing IRAS Alerts after economic dispatch of all available resources through the Day-ahead and Real-time Energy Markets and before Pre-Emergency Load Management is consistent with PJM's current processes to recall/curtail non-firm transmission service after economic generation and before Pre-Emergency Load Management.[140] In both instances, these entities transact in the PJM Energy Market without having secured any capacity. Therefore, it is reasonable to support these products, to the extent the owning entity wishes to schedule them, *when the energy is available*. When there is not sufficient energy, PJM takes action to ensure that capacity-backed loads are prioritized.

3. Contrary to Constellation, IRAS load reductions will protect native loads from cost impacts of Eligible New Large Loads.

Constellation contends that calling an IRAS Action, and having Eligible New Large Loads reduce their energy demand, would somehow increase costs to the rest of the customers. Specifically, Constellation argues that calling on IRAS reductions before

[138] August 13 Filing, Transmittal Letter at 79.

[139] August 13 Filing, Transmittal Letter at 80.

[140] *See* August 13 Filing, Transmittal Letter at 78; Pilong Aff. ¶¶ 12, 39-40.

Pre-Emergency Load Management "violates the core least-cost dispatch principle because curtailment of IRAS load is likely to be significantly more costly than Demand Response."[141] While initially intriguing, this argument quickly falls apart under scrutiny. Constellation then goes on to argue that this is least-cost from the perspective of the Pre-Emergency Load Management because they have already made the calculus that the cost of the capacity payment outweighs the opportunity cost associated with reduced energy consumption, but the "[l]oads subject to IRAS may include customers that have not elected Demand Response precisely because their own interruption costs are too high or their operating characteristics prevent them from meeting the notice and response time required to provide Demand Response."[142]

Thus, in Constellation's view, calling on IRAS first is problematic because the cost *to* the large loads that provide IRAS would be greater than the cost to loads that provide Pre-Emergency Load Management. This is irrelevant here where the objective is to protect native loads from the costs and reliability issues posed by New Large Loads that failed to bring new capacity. The Ratepayer Protection Pledge signed by a significant number of large load entities makes clear that protection of cost shifts to other ratepayers is the primary goal as opposed to Constellation's concern about hypothetical higher costs that large loads might incur under certain ill-defined and unlikely circumstances. Calling on IRAS before Pre-Emergency Load Management is consistent with the Ratepayer Protection Pledge, as it places the reliability and cost burden of New Large Loads' failure to bring new capacity on those New Large Loads, while protecting native loads.

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[141] Constellation Protest and Comments at 43.

[142] Constellation Protest and Comments at 44 (citing Affidavit of Aaron T. Patterson on Behalf of Constellation Energy Generations, LLC (Appendix A) ¶ 17).

4. Calling IRAS before Pre-Emergency Load Management will avoid the detrimental resource adequacy effects of Demand Resource "fatigue."

In addition, Constellation's argument that calling on IRAS before Emergency Load Management is a more costly option frames the issue as the *cost to the large load* and not the cost to the system and ignores the opportunity cost inherent in calling on Emergency Load Management more often. The issue of potential Demand Resource fatigue is real, as recognized by the NJ BPU.[143] That is, while Demand Resources are paid the same daily rate as other Capacity Resources, the underlying resource is not the same as a generation or storage resource. Inherently, a generation or storage resource is purpose built to participate in PJM's markets; they are designed to provide energy and capacity.

In contrast, the underlying resource of Demand Resources are energy users, and the provision of demand response is a secondary purpose. As Constellation recognizes, Demand Resources only commit to provide load reductions when the payment exceeds the opportunity cost. However, the opportunity cost calculation changes each time the underlying resources are directed to reduce energy consumption. The more often a load center is asked to reduce consumption the more disruptive the provision of demand response and the greater the opportunity cost. The result is load centers become less willing to provide demand response and support Demand Resources. This is what is meant by Demand Resource "fatigue."

Were such Demand Resource fatigue to manifest, there would be a significant adverse effect on the reliability and resource adequacy for the PJM Region. For the 2027/2028 Delivery Year, the region is relying on 7,641 MW of Demand Resources to

[143] *See* NJ BPU Comments and Limited Protest at 5.

provide capacity.[144] For a region that is already over 6,800 MW short of capacity, the loss of any MW of Demand Resource would be impactful; a sizeable loss would be considerable. Accordingly, in addition to the legal and equitable reasons for sequencing IRAS Actions before Pre-Emergency Load Management, policy and reliability reasons dictate a similar result.

F. PJM's BYONC Rules Appropriately Incent the Development of New Capacity to Meet Long-Term Resource Adequacy Needs of New Large Loads.

Most commenters and protestors support the concept that New Large Loads should bring new capacity to the PJM system to meet their resource adequacy needs.[145] However, as discussed below, they generally quibble with various aspects of the BYONC rules. For their part, commenters and protestors representing the interests of existing generation resources argue that the requirement that BYONC is "new" is unduly discriminatory.[146]

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[144] 2027/2028 BRA Report at 11, Table 6.

[145] *See, e.g.*, Google Protest at 1 ("Specifically, Google agrees that New Large Loads that do not bring sufficient new capacity to offset their expected demand should be subject to curtailment prior to other firm wholesale customers during tight system conditions, ensuring service to residential and other commercial customers remains reliable."); Va. Governor Chief Energy Officer Comments at 2 ("Virginia supports PJM's recognition that large loads can contribute to reliability by bringing new capacity, reducing peak demand, or deploying distributed and demand-side solutions."); Ohio FEA Comments at 5 ("The Ohio FEA supports a BYONC framework and PJM's proposal to incent LSEs to bring new capacity resources to bear commensurate with the addition of NLL, which PJM defines to mean new or incremental large loads that go into service after June 1, 2027. We agree that bringing new capacity to match new large load is the optimal solution to address resource adequacy concerns and is strongly preferred to IRAS. However, given the challenges of bringing new capacity resources online to meet new demand in the near term, we find PJM's BYONC proposal to be reasonable."); ACORE Comments at 1 ("ACORE therefore supports the requirement for a new large load to contract for new capacity under BYONC to avoid being subject to potential curtailments under IRAS. Such a requirement will strongly incent longer-term (at least 10 year) contracting with BYONC capacity by the large loads availing themselves of the IRAS BYONC provision."); NRG Comments and Limited Protest at 5 (supporting PJM's IRAS filing "in general" including proposal for LSEs to bring new capacity and that the BYONC capacity requirement be "new" generation).

[146] *See, e.g.*, EPSA Protest at 2-10; Talen Protest at 5-7; Vistra Protest at 12-13.

1. PJM's BYONC rules offer sufficient flexibility for vertically integrated LSEs.

Dominion Energy Services, Inc. ("Dominion") and EKPC each argue that the BYONC rules do not provide enough flexibility to vertically integrated entities with a portfolio of resources.[147] Specifically, they contend that the BYONC requirement improperly "pushes Large Loads and their LSEs toward tagging specific resources to specific end consumer loads rather than utilizing portfolio planning,"[148] and that the BYONC non-transferability requirement runs counter to "the flexibility [an LSE] needs to adjust its portfolio to cover its aggregate load obligation."[149] These arguments misunderstand PJM's proposal. As PJM explained, BYONC are simply MW of Unforced Capacity ("UCAP").[150] A New Large Load with a resource adequacy need of 75 MW should contract with 75 MW of BYONC. Starting with the first year that the BYONC provides capacity *to the PJM Region*, the New Large Load is deemed to have satisfied its obligation to bring new capacity.[151] There is no hint of a requirement that the BYONC must physically serve the New Large Load. The issue is that the PJM Region is short of capacity. Because as part of the transmission planning and interconnection processes all new capacity must ultimately be deliverable to the entire PJM Region (subject to transmission constraints), there does not need to be any locational requirement for BYONC. These processes may result in new upgrades to ensure the new capacity is deliverable. Requiring BYONC generation to continuously match specific large loads is

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[147] EKPC Limited Protest at 21; Dominion Comments at 3.

[148] EKPC Limited Protest at 20.

[149] EKPC Limited Protest at 24.

[150] August 13 Filing, Transmittal Letter at 51.

[151] August 13 Filing, Transmittal Letter at 69; proposed Tariff, Attachment DD-4, section V(b).

simply not consistent with today's generation interconnection requirements and would introduce a great deal of new uncertainty and lack of finality to the interconnection process.

As for transferability, once an arrangement between a New Large Load and a BYONC is reported, the two are paired, unless the New Large Load goes out of business.[152] Allowing BYONC to be transferable runs counter to the notion that the New Large Load is bringing new capacity to the PJM system. The requested liquidity in BYONC is not necessary for the scheme to be just and reasonable. As proposed, for each MW of BYONC associated with a New Large Load, that New Large Load's exposure to IRAS is *permanently* reduced. This is clear and easy to understand and administer. And, importantly, it makes the incentives clear for New Large Loads—they need to bring new capacity. If none is available, then they need to work with suppliers to develop additional capacity.

Conversely, allowing for a liquid market for already associated BYONC simply create a secondary market for *existing* BYONC, contrary to the root purpose of BYONC which is designed for New Large Loads to bring *new* capacity, not existing capacity that has already been deemed to offset the resource adequacy needs of a different New Large Load. Further, as explained in the August 13 Filing, it would also create unnecessary complexity in ensuring the correct matching of New Large Load to BYONC and present opportunities for fraud where a MW of BYONC could be reported more than once.[153]

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[152] *See* proposed Tariff, Attachment DD-4, section VII(e).

[153] August 13 Filing, Transmittal Letter at 65.

2. Measuring whether BYONC is new as of the 2027/2028 Delivery Year is just and reasonable.

IMM, NJ BPU, and JCAs argue that whether BYONC is new should be measured at the time of the BYONC arrangement with the New Large Load and not, as PJM proposed, measured against the capacity on the PJM system today prior to the 2027/2028 Delivery Year.[154] While there may be some merit to an approach that further circumscribes BYONC consistent with commenters' approach, they have not demonstrated that PJM's approach is not just and reasonable.[155] As discussed, PJM designed its proposal under FPA section 205, in part, to address the immediate resource adequacy issue facing the PJM Region starting with the 2027/2028 Delivery Year. An advantage of PJM's approach is that Capacity Resources ready to participate in RPM and commit to provide capacity are not disincentivized to do so while they wait for the BYONC marketplace to develop. The BYONC rules should not impede or hinder new Capacity Resources from committing to provide capacity. The reality is that the PJM Region needs new capacity right now. This design to spur quicker participation of new Capacity Resources is just and reasonable in this context.

3. The BYONC price taker requirement is just and reasonable in the context of IRAS, as the BYONC arrangement is akin to Self-Supply Capacity Resources.

Several protestors allege that requiring BYONC to participate as a price taker (i.e., submit $0/MW-day Sell Offers) would "interfere" with RPM Auction price signals by "artificially lower[ing] the clearing price for capacity, depressing market prices for existing resources and further suppressing the ability of the RPM to send the proper price signals to

[154] IMM Protest at 19-20; JCA Protest and Comments at 29-31; NJ BPU Comments and Limited Protest at 6-9.

[155] *See, e.g.*, *Cities of Bethany*, 727 F.2d at 1136.

incentivize new capacity and retain existing capacity."[156] This allegation is incorrect and myopically ignores both the purpose of the price taker requirement and the context of the BYONC rules.

With respect to the impact on the market, protestors are mistaken that the price taker requirement would affect the clearing price. Given that, under PJM's proposal, New Large Loads would be excluded from the demand curve until they contract for BYONC, the one-for-one addition of new MW of load and new MW of supply would have offsetting effects on the clearing price. In other words, as PJM explained in the August 13 Filing, the price taker treatment would "result[] in . . . effectively [a] price-neutral outcome."[157]

In any event, regardless of whether the Commission accepts PJM's proposal to exclude New Large Loads from the VRR Curve until they bring new supply, the price taker requirement does not unlawfully interfere with RPM Auction price signals. While true that all else held equal, adding a MW of supply at $0 will tend to reduce clearing prices (depending on the offered price of the next marginal MW), as noted below, the capacity market is not a vacuum, and whether the price taker treatment is not just and reasonable must be considered in context. The Commission has found price taker treatment just and reasonable in multiple contexts.

First, the simple fact is new demand is bringing new supply, and forcing that new supply to clear the capacity market. This is no different from the Capacity Resources load entities have been able to offer as "Self-Supply" since the advent of RPM.[158] Longstanding

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[156] Constellation Protest and Comments at 52; *see* P3 Protest at 22.

[157] August 13 Filing, Transmittal Letter at 58.

[158] *See PJM Interconnection, L.L.C.*, 117 FERC ¶ 61,331, at P 13 (2006) ("To meet the capacity needs of Load Serving Entities that failed to procure enough capacity through self-supply or bilateral contracts, PJM proposed to hold an auction each year, in which PJM would procure the remainder of the capacity requirement."); *id*. at P 29 ("The Settlement preserves provisions of the August 31 filing that support

capacity market rules have allowed load to submit Sell Offers for Capacity Resources "deemed Self-Supply and . . . indicate whether it is committing the resource regardless of clearing price or with a price bid."[159] There is no question that this is just and reasonable. The analogous price taker treatment for BYONC caused to be committed as capacity by New Large Loads is similarly just and reasonable, as becoming BYONC is also the product of a voluntary choice by the resource seller; if the seller does not want price taker treatment for its resource it does not have to enter into a BYONC arrangement with a New Large Load.

Second, BYONC resources will be able to contract for a revenue stream, that is the product of an arm's length negotiation between a willing buyer and a willing seller, to incent a resource seller to undertake the BYONC requirements. The Commission has previously found just and reasonable price taker treatment for resources considered in capacity markets where their going forward costs were adequately covered by out-of-market revenue streams, notably cost of service agreements to retain resources for transmission reliability or fuel security reasons.[160] In this case, as part of being a BYONC

self-supply and bilateral contracts through various means . . . "); Tariff, Attachment DD, section 1(b) (RPM provides: "a competitive auction mechanism to secure the forward commitment of additional Capacity Resources and Qualifying Transmission Upgrades as necessary to satisfy the portion of LSEs' Unforced Capacity Obligations not satisfied through Self-Supply, in order to ensure the reliability of the PJM Region for future Delivery Years."); *id.* at Attachment DD, section 5.2 (rules for nominating Self-Supply into RPM Auctions).

[159] Tariff, Attachment DD, section 5.2.

[160] *See, e.g.*, *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,088, at P 50, *order addressing arguments raised on reh'g*, 192 FERC ¶ 61,135, at PP 31-34 (2025); *Indep. Power Producers of N.Y. v. N.Y. Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,214 (2015), *order granting in part & denying in part clarification & reh'g*, 170 FERC ¶ 61,118 (2020); *N.Y. Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,116 (2015), *order on reh'g & compliance*, 155 FERC ¶ 61,076 (2016), *order on reh'g & compliance*, 161 FERC ¶ 61,189 (2017), *order on clarification & reh'g*, 163 FERC ¶ 61,047 (2018); *see also ISO New Eng. Inc.*, 165 FERC ¶ 61,202, at PP 82-88 (2018) (approving price taker treatment for resource retained for fuel security purposes), *order addressing arguments raised on reh'g*, 173 FERC ¶ 61,204 (2020).

resource there will be an agreement between the New Large Load and the Capacity Resource that will address compensation, among other issues.

Within the context of IRAS, for the New Large Loads to get the benefit of the BYONC reducing its exposure to IRAS and ultimately exempting New Large Loads from IRAS, it is imperative that the BYONC secure capacity commitments for 10 consecutive Delivery Years.[161] In the August 13 Filing, PJM explained that the 10-year capacity market participation requirement ensured that the BYONC was "real and lasting,"[162] i.e., that the resource adequacy needs of the New Large Load would be addressed through the BYONC and the region could count on such BYONC to do so. The price taker treatment is the best way to ensure that the BYONC clears the capacity market for each Delivery Year. To contract for BYONC, New Large Loads must offer out-of-market revenues sufficient for the new supply to acquiesce to price taker treatment for 10 years. The new supply would evaluate the revenue stream and revenue certainty available through the BYONC contract against unencumbered market participation. New supply that elects to become BYONC is making an economic choice to do so. Sellers of such supply can ensure their BYONC arrangements with New Large Loads sufficiently cover their going forward costs such that they are indifferent to the outcomes of the PJM capacity auctions. The BYONC voluntarily agreeing to price taker treatment in this context is just and reasonable.

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[161] Proposed Tariff, Attachment DD-4, section VIII(e). FirstEnergy challenges the 10-year RPM participation requirement for BYONC resources, arguing that PJM provided "no basis" for this requirement. *See* FirstEnergy Limited Protest and Comments at 5-6, 15. To the contrary, PJM explained that this requirement is "designed to ensure that this BYONC is real and lasting." August 13 Filing, Transmittal Letter at 56. That is, because the New Large Load will continue to be served by the PJM system throughout those 10 years, the BYONC resource should likewise serve to provide capacity during that period too. If the New Large Load ceases to exist during that 10-year period, the BYONC resource is relieved of its obligations. *See* proposed Tariff, Attachment DD-4, section VIII(a) (Capacity participation requirements only apply to BYONC "in an arrangement with a New Large Load").

[162] August 13 Filing, Transmittal Letter at 56.

4. Given the present resource adequacy shortfall, requiring New Large Loads to bring new capacity is not unduly discriminatory with respect to existing generation resources.

Electric Power Supply Association ("EPSA") and others representing the interests of existing generators contend that the rule that New Large Loads must contract with *new* capacity to address their resource adequacy needs is unduly discriminatory against *existing* Capacity Resources.[163] In other words, it appears that their argument is that existing Capacity Resources are unlawfully being denied the opportunity to meet the resource adequacy needs of New Large Loads. This argument lacks merit. Discrimination is only undue if it lacks justification. Here, the criterion that BYONC be "new" is easily justifiable. The PJM Region needs new capacity. This is not in dispute. The immediate primary cause for the need for new capacity is the significant amount of New Large Load interconnecting without capacity. Thus, PJM is proposing a requirement that the New Large Loads contract to bring new capacity to become exempt from being eligible to provide IRAS. Allowing existing Capacity Resources to contract with New Large Loads would not solve the problem that the BYONC scheme is designed to address.

5. BYONC's ELCC risk is shared by New Large Loads.

Several entities complain that PJM's proposal to use the Accredited UCAP of the BYONC determined for the "RPM Auction in which the BYONC cleared for the initial Delivery Year the BYONC is in an arrangement with the New Large Load"[164] as the permanent UCAP MW offset for determining the eligibility of a New Large Load to provide IRAS improperly shifts the BYONC resource's ELCC risk to ratepayers.[165] PJM's

[163] *See* EPSA Protest at 3; Vistra Protest at 12-13; Constellation Protest and Comments at 37-40; America's Power Protest at 5-11.

[164] Proposed Tariff, Attachment DD-4, sections VII(i)(i)-(ii).

[165] *See, e.g.*, AMP Limited Protest at 4-6; IMM Protest at 20.

proposal is just and reasonable. The impetus for IRAS is to incent New Large Loads to bring new capacity to meet their resource adequacy needs. PJM's proposal achieves that objective by allowing New Large Loads to reduce or zero-out their IRAS eligibility by each UCAP MW of BYONC they contract with. Introducing uncertainty to that arrangement by re-evaluating the BYONC's ELCC and degree to which it addresses the New Large Load's resource adequacy needs for each Delivery Year would undermine the BYONC incentive.

In the first instance, the risk is borne by the BYONC generator as its capacity value will be reduced in future years should its ELCC value decline. Moreover, although potentially more capacity would need to be procured if the ELCC value in the aggregate of all resources declines, the associated New Large Load would share in the cost of procuring the additional capacity to make up the difference. Conversely, the ELCC value of the BYONC generator may increase after the initial year and result in lower costs because less capacity would need to be procured.

Accordingly, the risk of changes to ELCC values (both increases and decreases) remains just as it is today—on individual generators in the first instance and all customers in the event that PJM has to purchase more capacity due to an aggregate ELCC decline. Engrafting into ELCC administration a one-off IRAS exception to that paradigm is not justified, as there is no change to the status quo risk allocation associated with ELCC changes.

6. MW that do not meet BYONC gating criteria and requirements or provide Allocated RBP UCAP MW should not reduce potential IRAS exposure.

Several intervenors assert that additional categories of MW should reduce IRAS exposure.[166] Those intervenors miss the mark, as the purpose behind reducing IRAS exposure to account for BYONC is "to incent New Large Loads to facilitate the development of new capacity so that the PJM Region has sufficient capacity to maintain reliability without entering into a capacity shortage and/or having to shed existing native load customers."[167] PJM proposed, in its August 13 Filing, to permit Large Loads to exclude themselves, in whole or in part, from the MW eligible for IRAS by bringing new capacity to PJM. Importantly, exclusion from IRAS is intended to incentivize Large Loads to address the capacity shortfall caused by their rapid growth in the PJM Region through BYONC arrangements. To that end, PJM proposed specific gating criteria and categories of qualifying BYONC. As PJM explained in its initial filing, a meaningful contribution to the capacity shortfall must not be ephemeral or dissipate quickly and, furthermore, must meet gating criteria designed to stimulate development of new capacity.[168] For BYONC to address the capacity needs of New Large Loads, and thus appropriately reduce IRAS exposure, BYONC must be Capacity Resources, with all attendant rights and obligations, and obtain capacity commitments. Thus, for example, BYONC would be subject to the "capacity must-offer requirements and exceptions set forth in Tariff, Attachment DD, sections 6.6 and 6.6A," and that the BYONC would be prohibited from "seek[ing] an

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[166] *See, e.g.*, Va. Governor Chief Energy Officer Comments at 2-4; CEBA Protest at 2-3; Equinix Protest, Request for Clarification and Comments at 14-17; NRG Comments and Limited Protest at 7-13.

[167] August 13 Filing, Transmittal Letter at 59.

[168] August 13 Filing, Transmittal Letter at 50.

exception to the capacity must-offer requirement to provide an external sale" during this 10-year period.[169]

a. <u>Peak Shaving Adjustment MW are not comparable to BYONC and should not reduce IRAS exposure.</u>

Some intervenors challenge PJM's omission of Peak Shaving Adjustment MW from BYONC arrangements that may reduce a Large Load's exposure to IRAS.[170] But, as the name implies, Peak Shaving Adjustments are *adjustments* to PJM's load forecasts, not resources that may participate in RPM Auctions.[171]

In the RBP proceeding, for example, PJM permitted Peak Shaving Adjustment MW that qualify for an opt-out to potentially reduce the identified 2027/2028 Delivery Year capacity shortfall for which the RBP will procure, but did not contemplate that Peak Shaving Adjustment MW might serve as either Qualifying RBP Offset UCAP MW or eligible RBP Resources.[172] As intervenors recognize, PJM has proposed that Peak Shaving Adjustments be reported in the proposed Large Load Registry, which provides PJM with situational awareness of relevant metrics concerning Large Loads in the PJM Region, but PJM is not permitting Peak Shaving Adjustments to reduce IRAS exposure in the same way as BYONC.

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[169] Proposed Tariff, Attachment DD-4, section VIII(b).

[170] *See, e.g.*, Voltus Comments at 23-24; Equinix Protest, Request for Clarification and Comments at 14-17; Sunrun Comments at 5; Tesla Comments at 2; AEU Comments at 3; CEBA Protest at 8.

[171] Resource Adequacy Planning, *PJM Manual 19: Load Forecasting and Analysis*, PJM Interconnection, L.L.C., section 3.2, Development of the Forecast (rev. 39, June 30, 2026), https://www.pjm.com/-/media/DotCom/documents/manuals/m19 [https://perma.cc/2JBC-BBDC] ("PJM Manual 19").

[172] *PJM Interconnection, L.L.C.*, Reliability Backstop Procurement to Address Resource Adequacy Concerns Stemming from Large Loads, Docket No. ER26-3380-000, Transmittal Letter at 36, 46-52 (July 31, 2026); *id.* at 51 ("RBP is designed to attract *new* supplies of capacity (i.e., new [Installed Capacity]), not merely incremental resource efficiencies, to address the current capacity shortfall and provide a stable, long-term source of capacity.").

BYONC is, at bottom, *new* supplies of capacity needed to address the current shortfall and provide a stable, long-term source of capacity. Peak Shaving Adjustments MW are not, by comparison, a real-time dispatchable product. Depending on the Peak Shaving Adjustment plan, a program requires peak shaving on days in which a trigger is met or exceeded based on the actual maximum daily temperature-humidity index for the relevant PJM zone, scored over a rolling three-year period.[173] Peak Shaving Adjustments are entirely dependent on the specific plan's temperature-humidity index and are captured through forecast adjustment MW values. Peak Shaving Adjustments are, at bottom, not a product that PJM can dispatch in real-time to provide reliable operations. Thus, Peak Shaving Adjustments cannot and should not qualify as BYONC MW capable of reducing IRAS exposure.

b. <u>Demand Resources and DER Capacity Aggregation Resources that fail to meet the BYONC qualifications and gating requirements should not reduce IRAS exposure.</u>

With exception to the clarifications discussed in Part I.K below, offered in response to issues related to locations eligible to support BYONC based on Demand Resources and/or DER Capacity Aggregation Resources, intervenors' arguments[174] for expanding the categories of Demand Resources and DER Capacity Aggregation Resources that should qualify as BYONC, and thus reduce IRAS exposure, are unavailing. Intervenors propose expansion of these categories as a means of "unlock[ing] new, and readily available, capacity quickly."[175] Again, intervenors' positions fail to recognize the underlying purpose of BYONC, and the reason BYONC may reduce IRAS exposure—is to incentivize *new*

[173] PJM Manual 19, section 3.2.

[174] NRG Comments and Limited Protest at 7-13; AEU Comments at 5-6.

[175] SEIA Comments at 7.

and lasting capacity contributions to the capacity shortfall, with all attendant rights and obligations, and obtain capacity commitments.[176]

IRAS is an operational tool designed to address the shortfall created by the absence of *new* Capacity Resources that offer *lasting* solutions to the capacity shortfall. Furthermore, as such, Demand Resources and DER Capacity Aggregation Resources that cannot demonstrate the Accredited UCAP requirement each year of the 10-year BYONC period is not a lasting solution.[177] Some intervenors assert that Demand Resources and Aggregated DER Resources are improperly held to standards not imposed on other resources participating in a BYONC.[178] But, the difference in the gating criteria for generation/storage resources and Demand Resources/DER is by design. It is the outgrowth of PJM's recognition that generation/storage resources are tied to physical assets. For such resources, once there is "steel in the ground," it becomes costly for such assets to exit the market early. By contrast, Demand Resources and Aggregated DER Resources are, by nature, contracts or agreements. Demand Resource and Aggregated DER Resource contracts and agreements are not inherently tied to one dedicated asset. In addition, there are near-zero sunk costs associated with exiting the market or re-entering it, year-to-year. In other words, by design, that Demand Resources and Aggregated DER Resources may enter and exit the market year-to-year based on economic and other business decisions.

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[176] August 13 Filing, Transmittal Letter at 50.

[177] In response to Calibrant Energy's ("Calibrant") request, PJM clarifies that this 10-year requirement is for participation in the capacity market, *see* August 13 Filing, Transmittal Letter at 55-57, and is not a requirement that any BYONC resource "must remain in service for the life of the New Large Load that it serves." Calibrant Comments at 8. PJM further clarifies that BYONC once paired with a New Large Load cannot be paired with a different New Large Load unless the initial New Large Load goes out of business. *See* August 13 Filing, Transmittal Letter at 64. The permanence of this arrangement relates to accounting for the BYONC resource's capacity attributes with the New Large Load, and does not mean that the BYONC resource must remain in service permanently as long as the New Large Load is in service.

[178] SEIA Comments at 7.

Indeed, the ability for that Demand Resources and Aggregated DER Resources to easily enter and exit the market is one reason why, as NRG notes, Demand Resources and Aggregated DER Resources may serve as a "bridge to power."[179]

Finally, Advanced Energy United's ("AEU") recommendation that "PJM separately develop additional [Demand Response] product options, calibrated to a capped number of event hours per year" to allow New Large Loads to self-provide a meaningful share of its BYONC obligation is beyond the scope of this proceeding[180] and, in any event, suggests that untested types of capacity contributions be credited for BYONC.

G. Excluding New Large Loads from the VRR Curve Until They Bring New Capacity Properly Gives Effect to the Ratepayer Protection Pledge and Sends Appropriate Price Signals.

Several entities challenge PJM's proposal to remove New Large Loads (to the extent they have not brought capacity to offset their resource adequacy needs) from the VRR Curve used to clear RPM Auctions. These entities each overlook that, pursuant to the Ratepayer Protection Pledge, the New Large Loads have committed to "build, bring, or buy the new generation resources and electricity needed to satisfy their new energy demands" and "add more capacity that serves the broader public by increasing supply" in order to "advance[] self-sufficiency and protect[] Americans from higher prices."[181]

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[179] NRG Comments and Limited Protest at 4.

[180] AEU Comments at 8.

[181] Ratepayer Protection Pledge; Ratepayer Protection Pledge Announcement; July 2026 Ratepayer Protection Pledge Update (identifying over 300 organizations that include over 250 utilities, cooperatives, and transmission cooperatives to municipal utilities and state associations, 44 data center developers, 7 Artificial Intelligence companies, and 23 governors that joined the Ratepayer Protection Pledge. The 44 data center developers include: Aligned Data Centers, LLC; Amazon.com, Inc.; Applied Digital Corporation; Beale Infrastructure Group, LLC; Bitdeer Technologies Group; CleanSpark LLC; Cloud HQ LLC; Cologix, Inc.; Compass Datacenters, LLC; Core Scientific, Inc.; CoreWeave, Inc.; Corscale, LLC; Crusoe Technologies LLC; CyrusOne, Inc.; DataBank Holdings, Ltd.; Digital Realty Trust, Inc.; Diode Ventures, LLC, a Black & Veatch company; EdgeConnex Inc.; EdgeCore Digital Infrastructure (d/b/a EdgeCore Internet Real Estate, LLC); Equinix, Inc.; Google (d/b/a Alphabet Inc.); Iron Mountain Incorporated; Keel Infrastructure Corp.; Lambda; Meta Platforms, Inc.; Microsoft Corporation; Nebius Group N.V.; NTT Global Data Centers (d/b/a NTT DATA, Inc.); OpenAI, L.L.C.; Oracle Corporation; Oppidan Connect Data Centers

Excluding New Large Loads that have not yet brought new capacity from the VRR Curve recognizes and gives meaning to this commitment.

The DCC claims that PJM "cannot expect new supply resources to appear if the price signals sent by the market do not reflect—as will be the case under PJM's IRAS proposal--the actual load that must be served in the region."[182] The DCC completely ignores that the New Large Loads (many of which may be brought by members of the DCC) have committed, under the Ratepayer Protection Pledge, to "build, bring, or buy the new generation resources" need to meet their demand. PJM expects new supply resources to appear to match the demand represented in the VRR Curve; the demand outside the VRR Curve—the New Large Loads—have committed to procure new capacity "build, buy, or bring" new capacity,[183] actions which generally would occur *outside* the capacity market. PJM's proposal merely effectuates the expectation that New Large Loads will follow through on their commitment, and if they do not, they will address their resource adequacy needs through the provision of IRAS.

Similar to the DCC, EPSA contends that "existing resources 'will presumably face lower prices and will never get the benefit of price formation that will price in new entry in the market as it is needed.'"[184] But, this claim fails for the same reason—it presumes that New Large Loads should be served through the capacity market. EPSA and the DCC

(d/b/a Oppidan Investment Company); Prologis, Inc.; Quality Technology Services, LLC; Rowan Digital Infrastructure Pty. Ltd.; Skybox Datacenters, LLC; Skylar Opportunities LLC; STACK Infrastructure, Inc.; Starwood Digital Ventures (d/b/a Starwood Capital Operations, LLC); Stream Data Centers, L.P.; Switch, Inc.; T5Data Centers, LLC; TA Realty LLC; Vantage Data Centers Management Company, LLC; and x.AI LLC).

182 DCC Protest at 25.

183 Ratepayer Protection Pledge.

184 EPSA Protest at 7 (quoting Affidavit of Paul M. Sotkiewicz, Ph.D. on Behalf of Electric Power Supply Association (Attachment A) ¶ 80).

would have everyone forget about or otherwise discount the commitments in the Ratepayer Protection Pledge and maintain the status quo so as to allow New Large Loads to continue to drive cost increases to ratepayers.[185] Moreover, PJM's capacity market was never designed to be the sole mechanism by which loads procure capacity. Rather, it was always designed as producing a forward price signal that load and generation can contract around through bilateral arrangements.[186] Adopting EPSA's position would put the Commission in the anomalous position of ignoring the desire for long-term bilateral arrangements informed by the capacity price signal and instead exalting the capacity market as the exclusive means for setting capacity prices, terms, and conditions.

Google echoes these arguments, asserting that removing certain New Large Loads from the VRR Curve would "mut[e] the demand signal and forc[e] capacity prices to a level that is lower than what is needed to attract investment in new generation." To put a finer point on it—the price signal that will result from the auction will reflect the loads the auction is designed to procure. As such, contrary to Vistra Corp.'s ("Vistra") claim otherwise, PJM's proposal will *not* "disincentivize the entry [of new supply] needed to close any reliability gap remaining after the backstop auction."[187] Rather, the auction will continue to produce a price signal that incents supply to meet the needs of the

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[185] *See, e.g.*, Independent Market Monitor for PJM, *State of the Market Report for PJM* (May 14, 2026) https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2026/2026q1-som-pjm.pdf [perma https://perma.cc/4DSL-2SCK] ("Based on actual auction clearing prices and quantities and uplift MW, inclusion of existing and forecast data center load growth resulted in a combined total increase in capacity market revenues for the 2025/2026 [Base Residual Auction], the 2026/2027 [Base Residual Auction], and the 2027/2028 [Base Residual Auction]of $23,100,955,341. This total will continue to grow until the issues associated with the addition of large data center loads are addressed.").

[186] *See* Tariff, Attachment DD, sections 1(b), 4.6, 5.2; *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,318, at P 91 (2007) ("PJM adds that likely benefits of forward commitment include long-term contracting, incentives for investment, and a stable forward price signal that encourages long-term forward contracting, which in turn provides greater forward certainty for both capacity price and capacity adequacy.").

[187] Vistra Protest at 20.

capacity-backed loads that are included in the demand curve, and the New Large Loads that have not entered into BYONC arrangements are appropriately excluded from the demand curve until such loads procure their own new supply. Those entities that fail to arrange for BYONC will still be paying for capacity but may be eligible to provide IRAS and reduce consumption at a much earlier stage than their New Large Load counterparts who did arrange to bring new capacity to the market.

Another complaint is that excluding the New Large Loads that have not entered into BYONC arrangements from the VRR Curve is "breaking supply and demand fundamentals."[188] This is incorrect. The exclusion of New Large Loads from the demand curve is akin to the exclusion of energy-only resources from the supply curve in the capacity market. That is, the purpose of the RPM Auction is to procure resources that are capable of providing capacity for loads that seek to receive capacity service. New Large Loads that do not BYONC are effectively electing not to receive capacity service (at 1-in-10 LOLE) so such loads are appropriately excluded from the demand curve because they are not electing to receive the capacity-backed service that RPM is designed to procure. This is the same concept as why PJM excludes energy-only resources from the supply curve since those resources do not provide capacity to the system. In both cases, it is proper to exclude non-capacity backed loads and energy-only resources from the demand and supply curves, respectively, since the RPM Auction is designed to procure Capacity Resources to meet the needs of capacity-backed loads.[189]

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[188] Google Protest at 14.

[189] The IMM also challenges PJM's proposal but on the grounds that it does not go far enough. The IMM advocates for permanently removing all data center loads from the capacity market, regardless of whether they have brought new capacity. *See* IMM Protest at 11-12. The IMM's arguments are made in an effort to further its preferred approach of pulling all data centers out of PJM's markets and procuring capacity for them in a separate process. *See id.* at 37-40 & Attachment A. The Commission has already rejected the IMM's approach of allowing data centers to connect to the PJM system "only when they can be served

H. The IRAS Compensation Mechanism Benefits Ratepayers, Adheres to Cost Causation Principles, and Reflects a Division of Labor that Respects States' Jurisdictional Authority over Retail Customers and Rates.

The IRAS compensation mechanism adheres to cost causation principles by compensating LSEs, which are NITS customers who were requested to, and did in fact, reduce load in response to an IRAS Action. The mechanism recognizes that, to the extent that LSEs serving Eligible New Large Loads are required to reduce consumption before Pre-Emergency Load Management in response to an IRAS Action, those LSEs are called on to reduce consumption before other NITS customers. The mechanism targets wholesale rates for wholesale customers and, thus, falls squarely within the scope of PJM's authority.[190]

Nevertheless, several intervenors request that PJM clarify the IRAS rate and compensation mechanism,[191] allege that the IRAS compensation mechanism is an improper attempt to create a retail compensation scheme for curtailed large loads,[192] or assert that PJM has impermissibly delegated its authority to establish wholesale rates for wholesale service pursuant to the FPA.[193] DCC asserts that, in spite of the IRAS compensation mechanism, requiring some NITS customers to reduce load prior to others would violate cost causation.[194] None of these arguments pass muster. The IRAS

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reliably as defined both by transmission and capacity adequacy." *Indep. Market Monitor for PJM v. PJM Interconnection, L.L.C.*, 194 FERC ¶ 61,227, at P 1 (2026). Leaving aside that PJM's proposal is just and reasonable, consistent with both the applicable FPA section 205 standard and the Commission's past rejection of this proposal from the IMM, the Commission likewise can easily dismiss the IMM's proffered approach.

[190] *EPSA*, 577 U.S. at 264; *see also* PA Governors Answer at 12 ("PJM's provision of wholesale compensation for a wholesale service . . . envisions making that *wholesale* compensation level subject to change by the relevant *retail* authority.").

[191] *See, e.g.*, OPSI Comments and Request for Clarification or to Sever at 7-8; Microsoft Comments at 4; PA Governor Answer at 14-15.

[192] FirstEnergy Limited Protest and Comments at 4.

[193] PPL Protest and Request for Clarification at 16.

[194] DCC Protest at 5.

compensation mechanism is, in fact, a balanced approach that is beneficial to ratepayers, adheres to cost causation principles, and respects the division of authority over wholesale and retail rates.

1. *The proposed compensation mechanism recognizes that LSEs subject to an IRAS Action that have been called on before Pre-Emergency Load Management should be compensated, in keeping with cost causation principles.*

The IRAS compensation mechanism recognizes that LSEs serving Eligible New Large Load customers are NITS customers. Like other NITS customers, these LSEs would have their transmission service curtailed *after* non-firm customers.[195] And, like other NITS customers, these LSEs would be allocated capacity charges based on their peak load.

Indisputably, however, under IRAS, some LSEs serving Eligible New Large Loads may not receive all of the benefits of NITS customers despite having paid for capacity charges like other NITS customers. Specifically, if LSEs serving New Large Loads are, pursuant to IRAS, called on to reduce their consumption before PJM calls on Pre-Emergency Load Management, such LSEs cannot be said to have received the benefit of the Pre-Emergency Load Management in the same way that other NITS customers would.

DCC alleges that, under IRAS, calling on LSEs serving Eligible New Large Loads before Pre-Emergency Load Management would violate cost causation principles because Eligible New Large Loads will "pay the costs of capacity that only will be deployed after" they have been asked to reduce energy consumption.[196]

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[195] August 13 Filing, Transmittal Letter at 94.

[196] DCC Protest at 20; *see also* Google Protest at 13 (arguing that being removed from the VRR Curve and assessed capacity charges "is not just and reasonable or consistent with cost causation").

To be clear, while DCC is correct that "NITS customers serving Eligible New Large Loads still would be required to pay charges reflecting the cost of capacity committed through PJM's capacity market,"[197] DCC incorrectly alleges that the IRAS framework "forces . . . NITS customers to bear the costs of capacity that would not be available to meet their needs."[198]

The IRAS compensation mechanism addresses DCC's concern by compensating LSEs serving Eligible New Large Loads under the limited circumstance in which an LSE has paid for but, *unlike other NITS customers*, not received the full benefit of, Pre-Emergency Load Management. In the event the loads of those LSEs are, unlike other NITS customers, reduced under IRAS before Pre-Emergency Load Management, they would be compensated for such load reduction, in part, to account for the fact that these LSEs are, in the context of an IRAS Action, not treated as capacity-backed loads. That is, in developing IRAS, PJM recognized that Eligible New Large Loads would not be able to obtain the full benefit, and therefore, consistent with cost causation principles, PJM proposed to compensate them for the load reduction service—both for the load reduction service provided and in exchange for the avoided capacity service not provided. Thus, when viewed globally, PJM's proposal is just and reasonable

2. The IRAS compensation rate establishes a default, maximum rate, but provides states with the flexibility to establish lower compensation rates.

As PJM notes in its initial filing, the proposed IRAS compensation rate neither mandates state-specific action nor imposes specific terms and conditions on retail rates.[199]

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197 DCC Protest at 5.

198 DCC Protest at 5.

199 August 13 Filing, Transmittal Letter at 104-08.

PJM has proposed a default IRAS compensation rate set at the Commission-accepted maximum rate of 50% of the Non-Performance Charge Rate.[200] However, the IRAS compensation rate may be reduced, even to 0%, by the states and/or appropriate RERRAs at the retail level. In short, PJM is using its authority to set the rates, terms and conditions associated with operational actions to reduce energy consumption as part of the Commission's "sales for resale" jurisdiction. As with all other aspects of ratemaking, the application of that rate to different retail customer classes is left to state jurisdictions.[201]

The absence of state action will result in the application of a default rate of 50% of the Non-Performance Charge Rate. As PJM's initial filing furthermore notes,[202] and the Pennsylvania Governor's Office likewise explains, consistent with the Commission's respect of state law choices in the demand response context, "provision of particular levels of compensation depend on certain conditions at retail. In other words, just as eligibility to participate as wholesale demand response depends on permission under the relevant state laws and regulations, wholesale compensation for IRAS at a reduced level depends on RERRA action specifying such an alternate compensation level within the acceptable, just and reasonable range."[203]

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[200] August 13 Filing, Transmittal Letter at 102.

[201] *See PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,211 at P 70 ("We expect that the additional cost transparency measures proposed in the following section will give state public utility commissions and other state regulators the information necessary to allow them to understand which transmission costs are caused by which transmission customers, so that they can sub-allocate these costs to the appropriate retail customers. Indeed, the Commission's objective in this proceeding is to respect the cooperative federalism approach established under the FPA. Specifically, one of the benefits of providing transparency on the costs of Network Upgrades necessary to provide transmission service to Eligible Customers on behalf of large loads is so that state regulators can use that information to protect residential and small commercial customers by incorporating those costs into the retail rates as they see fit given their authority to set rates for different classes of retail customers.").

[202] August 13 Filing, Transmittal Letter at 102.

[203] PA Governor Answer at 15.

Lest there be any ambiguity, proposed Tariff, Attachement DD-4, Section X contemplates that the entities to be paid the rate and the loads to be charged to support such compensation are determined at the state level, in collaboration with relevant retail customers, and consistent with the Electric Distributor's state-approved load reduction plans and other state-approved programs, rates, and rules.[204]

The appropriate states and/or RERRAs, conferring with Electric Distributors, LSEs, and the relevant New Large Loads, may—but are not required to under PJM's proposed Tariff provisions—reduce that rate and to even decide when and whether the IRAS rate should be reduced to zero. PJM has, as the Pennsylvania Governor's Office observes, "appropriately provided solicitude to the states by granting retail authorities a direct role in determining whether to provide wholesale compensation based on the curtailments directed under IRAS and, if so, how much compensation up to the cap proposed by PJM."[205]

I. IRAS Does Not Unduly Discriminate Against New Large Loads.

Several protests assert that the IRAS framework unduly discriminates against New Large Loads based on vintage, size, or type.[206] For reasons that PJM explained at length in its August 13 Filing, those arguments are unavailing, particularly when considered in the context of longstanding precedent.

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[204] To the extent the Commission finds ambiguity, PJM consents to clarifying the proposed Tariff, Attachement DD-4, section X on compliance, consistent with the description of the provision in this section, if the Commission so directs. Given the need to have the rules in place in a timely manner, PJM respectfully requests that the Commission prescribe the compliance requirement in as much detail as possible.

[205] PA Governor Answer at 3.

[206] *See, e.g.*, Constellation Protest and Comments at 29. Other intervenors argue that BYONC discriminates against Capacity Resources based on vintage and type (*see, e.g.*, Vistra Protest at 3; Constellation Protest and Comments at 37; EPSA Protest at 2; America's Power Protest at 8-10; NRG Comments and Limited Protest at 9). Those arguments are addressed in this answer, above, in Part I.F.4.

According to well-settled precedent, "[w]hether a rate or practice is unduly discriminatory depends on whether it provides different treatment to different classes of entities and turns on whether those classes of entities are similarly situated."[207] When differences in treatment "can be explained by some factor deemed acceptable by the regulators (and the courts)"[208] or "are predicated upon factual differences between customers,"[209] they are justified and therefore not unduly discriminatory nor preferential.

First, for reasons PJM has already explained at length in its initial filing and which PJM declines to repeat here,[210] and as the PIOs state in their limited protest, "Large load customers are differently situated than traditional residential and commercial customers and warrant new rules and obligations."[211]

Second, as explained in PJM's initial filing, the Commission has found that large loads constitute "a separate category of load[,]"[212] and repeatedly highlighted the uniqueness of large loads.[213] Far from being "legally irrelevant differences," as Google alleges,[214] these distinctions have repeatedly served as the foundation for the Commission's

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[207] *Calpine Corp. v. PJM Interconnection, L.L.C.*, 171 FERC ¶ 61,035, at P 318, *order on compliance, granting waiver request, addressing arguments raised on reh'g & setting aside prior order, in part*, 173 FERC ¶ 61,061 (2020), *order on compliance & clarification*, 174 FERC ¶ 61,036, *order setting aside prior order, in part*, 174 FERC ¶ 61,109 (2021).

[208] *Town of Norwood v. FERC*, 202 F.3d 392, 402 (1st Cir. 2000) ("[D]ifferential treatment does not necessarily amount to *undue* preference where the difference in treatment can be explained by some factor deemed acceptable by the regulators (and the courts).").

[209] *Cities of Newark v. FERC*, 763 F.2d 533, 546 (3d Cir. 1985) ("[D]ifferences in rates are justified where they are predicated upon factual differences between customers.").

[210] August 13 Filing, Transmittal Letter at 95-97.

[211] PIOs Limited Protest at 13.

[212] August 13 Filing, Transmittal Letter at 96 & n.257 (citing June 2026 Order to Show Cause, 195 FERC ¶ 61,211 at P 50; FPA section 215, 16 U.S.C. § 824o).

[213] August 13 Filing, Transmittal Letter at 96-97 & nn.259, 261-62 (citing 2026 Order to Show Cause, 195 FERC ¶ 61,211 at P 58; *Sw. Power Pool*, 195 FERC ¶ 61,196, at PP 84-85, 87 (2026)).

[214] Google Protest at 12.

finding that unique characteristics of large loads have given rise to unique, Commission-jurisdictional challenges. Most recently, and indeed, as the Pennsylvania Governor's Office notes, the IRAS proposal "focuses on distinctions among customers that are relevant to ensuring just and reasonable rates and reliable operation of the bulk power system. Large load customers that today drive completely novel degrees of load growth pose unique operational challenges to the transmission system."[215]

Third, the applicability of IRAS is limited and narrowly tailored to address the specific situation where PJM may require that Electric Distributors reduce consumption by a MW quantity of load during certain, specifically defined emergency situations in years when a capacity shortfall triggers IRAS due to the influx of large loads. IRAS is applicable only when New Large Loads that have not brought their own capacity and have not been allocated sufficient RBP UCAP MW cause a PJM Region Reliability Requirement shortfall. Where the Commission has found that the treatment of large loads is "tailored to the specific and unique nature of" of such loads, the Commission has found that treatment just and reasonable and not unduly discriminatory or preferential.[216] IRAS was developed to address the specific and unique issues caused by New Large Loads in the PJM Region, while also enabling New Large Loads to nevertheless be served by PJM.

Fourth, the contention that IRAS unduly discriminates against large loads based on vintage—i.e., by distinguishing existing Large Loads from New Large Loads—fails to recognize that the relevant law on undue discrimination turns on whether the different treatment is justified. Here, that different treatment has been fully justified.

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[215] PA Governor Answer at 18.

[216] *Sw. Power Pool*, 195 FERC ¶ 61,196 at PP 85, 87.

As PJM explains in the August 13 Filing, only New Large Load may be eligible to provide IRAS. At the beginning of IRAS, New Large Loads will consist of loads in-service after June 1, 2027. In subsequent years, if the need for IRAS re-emerges, New Large Load will be designated as Large Load entering service after June 1 of the first Delivery Year that the PJM Region is short capacity. The reasoning is straightforward. IRAS applies in Delivery Years when the amount of Capacity Resources committed falls short of the PJM Region Reliability Requirement, because new load has come onto the PJM system without bringing their own capacity.[217] New, not existing load, is the reason for the shortfall, which drives the need for IRAS. Failing to make a distinction between New Large Loads and Large Loads for purposes of applying IRAS would fail to account for causation. Furthermore, as the Pennsylvania Governor's Office correctly notes, the Commission regularly accepts new rules that apply only to new entrants.[218]

J. PJM's Proposal to Require FRR Entities to Bring New Capacity to Meet the Needs of New Large Loads Regardless of Need for IRAS in a Given Delivery Year Is Just and Reasonable and Treats All LSEs in PJM Equally.

American Electric Power Service Corporation ("AEP") seeks several clarifications regarding the proposed rules applicable to Fixed Resource Requirement ("FRR") Entities. AEP's proposed clarifications can be boiled down to this: When the IRAS is not needed because the capacity market has secured sufficient capacity to meet the applicable

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[217] August 13 Filing, Transmittal Letter at 39.

[218] PA Governor Answer at 18 & n.42 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,180, at P 21 (2015) (rejecting arguments that differing treatment between interconnection customers constitutes undue preference, where that difference is due to the fact that certain interconnection customers are subject to generator interconnection procedures and agreements that pre-date new reforms); *ISO New Eng. Inc.*, 162 FERC ¶ 61,205, at P 47 (2018) (rejecting protestors' arguments that ISO New England Inc.'s inclusion of a cut-off date in the definition of resource types to which a particular capacity market rule would apply constitutes undue discrimination); December 2025 Show Cause Order, 193 FERC ¶ 61,217 at P 224 ("To the extent an entity is a party to an existing contract for such a purpose, we find that it is appropriate to grandfather such entity so that it may continue using BTMG for the current term remaining under the existing contract.").

reliability requirement, PJM should relax the proposed rule prohibiting an FRR Entity from relying on Existing Generation Capacity Resources in its FRR Capacity Plan in excess of those Capacity Resources owned or contracted by the FRR Entity prior to June 1, 2027, as New Large Load.[219] Such relaxation would allow an FRR Entity to use *existing* PJM Capacity Resources to meet the resource adequacy needs of its New Large Loads.

The Commission should reject this request, as granting it would undermine the overarching policy driving IRAS and the Ratepayer Protection Pledge: The resource adequacy needs of New Large Loads will be met through *new* capacity. PJM proposed new RAA, section 7.8 to memorialize this policy as an obligation on *all* LSEs, including the LSEs within FRR Entities' service territories.[220] As PJM explained in the August 13 Filing, "[t]he growth of Large Loads is an issue facing the entire PJM Region, and new capacity should arrive to serve their needs, regardless of whether the New Large Load is to be located in an FRR Service Area or the region served by RPM."[221] It is just and reasonable that *all* LSEs in PJM adhere to the same requirement of bringing new capacity to meet the needs of New Large Loads. This is true regardless of whether the LSE meets its capacity needs under the capacity market rules or FRR rules. Thus, an FRR Entity cannot utilize *existing* capacity outside of the FRR Entities' territory to meet the resource adequacy needs of any New Large Load through its FRR Capacity Plan.[222]

For its part, EKPC alleges that PJM's exclusion of New Large Loads located in FRR Entities' territories "unduly discriminates against RPM Capacity Market LSEs."[223]

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[219] AEP Comments and Request for Clarification at 9-17.

[220] *See* August 13 Filing, Transmittal Letter at 49-50; *see supra* Part I.C.

[221] August 13 Filing, Transmittal Letter at 74.

[222] *See* August 13 Filing, Transmittal Letter at 52.

[223] EKPC Limited Protest at 33.

Specifically, EKPC contends that "[i]t is unduly discriminatory to allow an FRR Entity that potentially could have an insufficient FRR Plan to avoid IRAS while load of a Self-Supply Entity participating in the RPM Capacity Market would be subject to IRAS."[224] This argument is without merit. It is well established that "a finding of undue discrimination requires a showing that (1) two classes of customers are treated differently; and (2) the two classes of customers are similarly situated."[225] With respect to resource adequacy, FRR Entities are not similarly situated to LSEs participating in the capacity market. By definition, FRR Entities *must* bring new capacity for all new loads within their territory.[226] If an FRR Entity does not include sufficient capacity in its FRR Capacity Plan, the FRR Entity is subject to "an FRR Commitment Insufficiency Charge, in an amount equal to two times the Cost of New Entry for the relevant location" multiplied by the MW of capacity short.[227] In contrast, LSEs participating in RPM have *no requirement* to bring capacity sufficient to meet their needs—which is a primary reason why PJM is trying to incent New Large Loads to bring new capacity for their resource adequacy needs.

[224] EKPC Limited Protest at 33.

[225] *TranSource, LLC v. PJM Interconnection, L.L.C.*, 168 FERC ¶ 61,119, at P 240 & n.769 (2019) (citing *"Complex" Consol. Edison Co. of N.Y., Inc. v. FERC*, 165 F.3d 992, 1012 (D.C. Cir. 1999); *Advanced Energy Mgmt. All. v. FERC*, 860 F.3d 656, 670-71 (D.C. Cir. 2017); *Transmission Agency of N. Cal. v. FERC*, 628 F.3d 538, 549 (D.C. Cir. 2010) ("A rate is not 'unduly' preferential or 'unreasonably' discriminatory if the utility can justify the disparate effect. The court will not find a Commission determination to be unduly discriminatory if the entity claiming discrimination is not similarly situated to others.") (internal quotations and citations omitted).

[226] *See* RAA, Article 1 (defining FRR Service Area and stating that "the FRR Entity has or assumes the obligation to provide capacity for all load (including load growth) within such area").

[227] RAA, Schedule 8.1D, section 7.

K. Following Review and Stakeholder Feedback, PJM Consents to a Few Revisions to the Proposed Tariff Language.

In addition, stakeholders have identified some clarifications to the proposed language that PJM agrees with and is willing to make on compliance, if directed by the Commission.[228]

In particular, Calibrant and Voltus identify a clarifying revision to the text in proposed Tariff, Attachment DD-4, section VI(b)(ii)(1) related to the composition of Demand Resources or DER Capacity Aggregation Resources that may qualify as BYONC.[229] PJM agrees that the "not" included in this section should be removed, as shown below, and provides additional clarifying language.

> (ii) For Demand Resources or DER Capacity Aggregation Resources, the resource must qualify as a Planned Demand Resource or DER Capacity Aggregation Resource, as described in the RAA, Schedule 6 and Schedule 6.2 and:
>
> > (1) be composed of, or reliant on, the incremental amount of any location ~~not~~ registered in or prior to the 2026/2027 Delivery Year at which ~~an~~ such incremental amount at that location is the result of the registration of new generation or storage assets at the location. However, to the extent three consecutive Delivery Years meet the requirements of Tariff, Attachment DD-4, section IV(b)(iii), then will be composed of, or reliant on, the incremental amount of any location registered in the Delivery Year prior to the first Delivery Year for which the requirements of Tariff, Attachment DD-4, section IV(b)(iii) are not met; and/or

This "not" was inadvertently included in the proposed Tariff language. With this correction and the additional clarifying language, the provision logically provides that only

[228] *Cal. Indep. Sys. Operator Corp.*, 134 FERC ¶ 61,140, at P 1 (2011); *id.* PP 13-14, 42-43 (accepting changes to tariff language identified by the California Independent System Operator Corporation ("CAISO") in its answer where CAISO agreed with intervenors that changes to the tariff would be consistent with CAISO's intentions and CAISO indicated that it was willing to correct the error; accepting other tariff revisions correcting typographical and other errors).

[229] *See* Calibrant Comments at 6-7; Voltus Comments at 7-8.

incremental increases in load reduction capability above that which was previously registered due to the registration of new generation or storage at the underlying location will qualify as BYONC—which was PJM's intent.[230]

Similarly, in response to Voltus's request,[231] PJM agrees that "dormant" registered locations should be allowed to be reactivated to support BYONC resources. Such locations are not currently supporting Capacity Resources, and therefore any capacity capability they can provide would be new as compared to the capacity on the system for the 2026/2027 Delivery Year. Accordingly, PJM consents to revising proposed Tariff, Attachment DD-4, section VI(b)(ii)(2) to make clear that registered locations not used in the capacity market for the 2026/2027 Delivery Year are eligible to support a BYONC arrangement.

> (2) be composed of, or reliant on, locations that did ~~were~~ not ~~previously~~ support~~ed~~ a Capacity Resource, a Peak Shaving Adjustment, or Price Responsive Demand for ~~or prior to~~ the 2026/2027 Delivery Year. However, to the extent three consecutive Delivery Years meet the requirements of Tariff, Attachment DD-4, section IV(b)(iii), then will be composed of, or reliant on, locations that did ~~were~~ not ~~previously~~ support~~ed~~ a Capacity Resource, a Peak Shaving Adjustment, or Price Responsive Demand for the Delivery Year prior to the first Delivery Year for which the requirements of Tariff, Attachment DD-4, section IV(b)(iii) are not met.

In addition, since PJM submitted the August 13 Filing, PJM identified a couple "clean-up" type ministerial revisions needed to the proposed Tariff, which are described below and that PJM is willing to make these clean up changes on compliance, if directed by the Commission. Specifically, PJM identified the following ministerial clean-up changes to proposed Tariff, Attachment DD, section 5.10(a)(i):

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[230] In response to Calibrant's request, *see* Calibrant Comments at 7-8, PJM also clarifies that the measurement of the "incremental amount" will be a comparison of the location's prior demand reduction capability against the location's capability following the registration of new generation or storage assets at that location.

[231] *See* Voltus Comments at 10-11.

- For the Variable Resource Requirement curve for the 2029/2030 Delivery Year, the language describing point (1) includes two extraneous end parentheses. Specifically, the ")" should be deleted after "0.2 times Cost of New Entry" and at the end after "multiplied by 99%;" and

- For the Variable Resource Requirement curve for the 2030/2031 Delivery Year and subsequent Delivery Years, the language describing point (1) includes an extraneous bracket after "multiplied by 99%" and the language for point (3) includes an extraneous bracket after "multiplied by 106.0%."

II. CONCLUSION

PJM asks that the Commission consider this answer and accept the Tariff and RAA revisions proposed in this proceeding, effective October 12, 2026, as requested.

Respectfully submitted,

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On Behalf of
PJM Interconnection, L.L.C.

September 23, 2026

Appendix A

Protests, Comments, Requests for Clarification, and Answers Filed to Date

Docket No. ER26-3515-000

Appendix A

Protests, Comments, Requests for Clarification, and Answers Filed to Date

Docket No. ER26-3515-000

- ACORE Comments on PJM Interconnection LLC Interim Resource Adequacy Service Proposal (Sep. 3, 2026) ("ACORE Comments")
- Comments of Advanced Energy United (Sep. 3, 2026) ("AEU Comments")
- Comments and Request for Clarification of American Electric Power Service Corporation (Sep. 3, 2026) ("AEP Comments and Request for Clarification")
- Limited Protest of American Municipal Power, Inc. (Sep. 3, 2026) ("AMP Limited Protest")
- Protest of America's Power (Sep. 3, 2026) ("America's Power Protest")
- Motion to Intervene and Comments of Appalachian Voices (Sep. 3, 2026) ("Appalachian Voices Comments")
- Limited Comments of Buckeye Power, Inc. (Sep. 3, 2026) ("Buckeye Limited Comments")
- Motion for Leave to Answer and Answer of Buckeye Power, Inc. (Sept. 18, 2026) ("Buckeye Answer")
- Comments of Calibrant Energy (Sep. 3, 2026) ("Calibrant Comments")
- Comments of the Chief Energy Officer for the Governor of Virginia (Sep. 3, 2026) ("Va. Governor Chief Energy Officer Comments")
- Protest and Comments of Constellation Energy Generation, LLC (Sep. 3, 2026) ("Constellation Protest and Comments")
- Motion to Intervene and Protest of Corporate Energy Buyers Association (Sep. 3, 2026) ("CEBA Protest")
- Motion for Leave to File Comments Out-of-Time and Comments of CyrusOne, LP (Sep. 11, 2026) ("CyrusOne Comments")
- Motion to Intervene and Protest of the Data Center Coalition (Sep. 3, 2026) ("DCC Protest")
- Comments of Dominion Energy Services, Inc. (Sep. 3, 2026) ("Dominion Comments")
- Limited Protest of East Kentucky Power Cooperative, Inc. (Sep. 3, 2026) ("EKPC Limited Protest")
- Protest of the Electric Power Supply Association (Sep. 2, 2026) ("EPSA Protest")

- Protest, Request for Clarification and Comments of Equinix Inc. on the Proposal of PJM Interconnection, L.L.C. to Establish Interim Resource Adequacy Service and a Large Load Registry to Address System Reliability (Sep. 4, 2026) ("Equinix Protest, Request for Clarification and Comments")
- Limited Protest and Comments of FirstEnergy Service Company (Sep. 3, 2026) ("FirstEnergy Limited Protest and Comments")
- Protest of Google LLC (Sep. 3, 2026) ("Google Protest")
- Answer of Google LLC (Aug. 31, 2026) ("Google Answer")
- Comments of Hans Royal (Sep. 3, 2026) ("Hans Royal Comments")
- Protest of the Independent Market Monitor for PJM (Sep. 3, 2026) ("IMM Protest")
- Comments of Industrial Energy Consumers of America (Sep. 15, 2026) ("IECA Comments")
- Protest and Comments of Joint Consumer Advocates (Sep. 3, 2026) ("JCA Protest and Comments")
- Comments of Microsoft Corporation (Sep. 3, 2026) ("Microsoft Comments")
- Motion to Intervene and Protest of Nicholas Max Neal and David Neal, Delaware Standard Offer Service Ratepayers (Sep. 3, 2026) ("Nicholas Max Neal and David Neal Protest")
- Supportive Comments and Limited Protest of the New Jersey Board of Public Utilities (Sep. 3, 2026) ("NJ BPU Comments and Limited Protest")
- Motion for Leave to Answer and Answer of the New Jersey Board of Public Utilities (Sept. 18, 2026) ("NJ BPU Answer")
- Limited Comments of North Carolina Electric Membership Corporation (Sep. 3, 2026) ("NCEMC Limited Comments")
- Comments and Limited Protest of the NRG Companies (Sep. 3, 2026) ("NRG Comments and Limited Protest")
- Protest by Office of the Ohio Consumers' Counsel (Sep. 3, 2026) ("OCC Protest")
- Comments and Limited Protests of Ohio Energy Leadership Council (Sep. 3, 2026) ("Ohio ELC Comments and Limited Protests")
- Comments of Old Dominion Electric Cooperative (Sep. 3, 2026) ("ODEC Comments")
- Comments, Request for Clarification, and, in the Alternative, Request to Sever of the Organization of PJM States, Inc. (Sep. 4, 2026) ("OPSI Comments and Request for Clarification or to Sever")

- Motion for Leave to Answer and Answer of Pennsylvania Governor Josh Shapiro ("PA Governor Answer")
- Comments of the Pennsylvania Public Utility Commission (Sep. 3, 2026) ("PA PUC Comments")
- Comments of Persistence Analytics Group LLC (Aug. 14, 2026) ("Persistence Analytics Comments")
- Supplemental Comments of Persistence Analytics Group LLS Regarding IRAS Performance Verification and Compensation (Sep. 2, 2026) ("Persistence Analytics Supplemental Comments")
- Comments of the PJM Industrial Customer Coalition (Sep. 3, 2026) ("PJMICC Comments")
- Protest of PJM Power Providers Group (Sep. 3, 2026) ("P3 Protest")
- Motion to Intervene, Protest, and Request for Clarification of PPL Electric Corporation (Sep. 3, 2026) ("PPL Protest and Request for Clarification")
- Limited Protest of Public Interest Organizations (Sep. 3, 2026) ("PIOs Limited Protest")
- Comments of the Public Service Commission of West Virginia (Sep. 3, 2026) ("PSCWV Comments")
- Comments of the Public Utilities Commission of Ohio's Office of the Federal Energy Advocate (Sep. 3, 2026) ("Ohio FEA Comments")
- Motion to Intervene and Comments of the Retail Energy Supply Association (Sep. 3, 2026) ("RESA Comments")
- Comments of the Solar Energy Industries Association (Sep. 3, 2026) ("SEIA Comments")
- Comments and Limited Protest of Southern Maryland Electric Cooperative, Inc. (Sep. 3, 2026) ("SMECO Comments and Limited Protest")
- Motion to Intervene and Comments of Sunrun Inc. (Sep. 3, 2026) ("Sunrun Comments")
- Motion to Intervene and Protest of Talen Energy Corporation (Sep. 3, 2026) ("Talen Protest")
- Comments of Tesla, Inc. (Sep. 3, 2026) ("Tesla Comments")
- Motion for Acceptance of Late-Filed Comments and Comments of the Virginia State Corporation Commission (Sep. 8, 2026) ("VSCC Comments")
- Protest of Vistra Corp. (Sep. 3, 2026) ("Vistra Protest")
- Comments of Voltus (Sep. 4, 2026) ("Voltus Comments")

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 23rd day of September 2026.

/s/ Ryan J. Collins

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