

OPSI Board Feedback¹

Reliability Backstop Procurement | March 2026

Goals and Objectives

PJM should protect existing ratepayers by:

- Preserving regional resource adequacy by requiring New Large Loads (NLLs) to bilaterally contract or procure capacity through a Reliability Backstop Auction (RBA).
- Assigning the costs and risks associated with the accelerated procurement of new capacity to serve NLL as directly as possible.
- Promoting reliability by subjecting NLLs without procured new capacity to a Connect and Manage framework.

Overall Structure & Mechanics

1. **NLL Definition** – PJM should define NLLs as loads greater than 50 MW entering service on or after June 1, 2027. PJM should identify which NLLs have procured new capacity and which have not, to assist states in cost assignment and curtailment decisions.
2. **RBA for NLL** – NLLs should be incented to bilaterally contract for new capacity (minimum five-year term) before entering service. PJM should host a marketplace or “broker house” for bilateral matching with the NLL serving as the counterparty in the transaction. This should be a voluntary procurement in which NLLs participate directly. Following this opportunity to contract, PJM should hold a separate RBA for NLLs, where NLLs set their own demand bids, supply is limited to new or previously retired capacity, costs are assigned directly to NLLs or their LSEs/EDCs, and non-NLL loads are fully insulated from risk. RBA participants should individually or collectively bear the risk associated with RBA procurement. PJM should not be the counterparty, or assume any risk, in the NLL RBA. Qualified Resources should include new generation builds, uprates, and fuel-switching required by law.
3. **Connect and Manage** – NLLs that fail to procure sufficient new capacity either bilaterally or through the RBA should be subject to a Connect and Manage framework under which PJM directs EDCs to curtail their load before emergency operations, with states responsible for implementing the curtailment prioritization. NLLs that come online before their paired capacity should also be subject to a Connect and Manage framework until their paired capacity comes online.

NLLs/LSEs with bilateral contracts or RBA procurements for new capacity should be treated as FRR participants for the delivery year where the generation is expected to come online. OPSI supports limiting the NLL RBA to entities that rely on RPM to procure capacity.

¹ This following OPSI Members support this feedback: the Delaware Public Service Commission, Public Service Commission of the District of Columbia, Illinois Commerce Commission, Kentucky Public Service Commission, Maryland Public Service Commission, Michigan Public Service Commission, New Jersey Board of Public Utilities, North Carolina Utilities Commission, Public Utilities Commission of Ohio, Pennsylvania Public Utility Commission, Tennessee Public Utility Commission, and Public Service Commission of West Virginia. The Indiana Utility Regulatory Commission and Virginia State Corporation Commission abstained in the vote on this feedback.