UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

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

COMMENTS, REQUEST FOR CLARIFICATION, AND, IN THE ALTERNATIVE, REQUEST TO SEVER OF THE ORGANIZATION OF PJM STATES, INC.

The Organization of PJM States, Inc. ("OPSI") files these comments and request for clarification in response to PJM's August 13, 2026, filing proposing revisions to the Open Access Transmission Tariff ("Tariff") and the Reliability Assurance Agreement Among Load Serving Entities ("RAA") to establish Interim Resource Adequacy Service ("IRAS") and a New Large Load ("NLL") Registry.[1]

OPSI appreciates PJM's expeditious work to develop IRAS and the constructive engagement from PJM's stakeholders. OPSI is supportive of both identifying NLLs that have not brought capacity to meet their needs in an NLL registry and the need to send a wholesale curtailment signal, equivalent to the NLL quantity that does not have associated capacity, prior to entering into pre-emergency procedures. However, the Commission should not accept PJM's proposed compensation mechanism, without further clarification. Should the issues raised below persist following this clarification, the Commission should sever it and find the proposed compensation rate and mechanism to be unjust and unreasonable, while allowing all of the other components of PJM's proposal to go into effect as requested.[2]

[1] PJM Interconnection, L.L.C., *Proposal to Establish Interim Resource Adequacy Service and a Large Load Registry to Address System Reliability*, Docket No. ER26-3515-000 (Aug. 13, 2026) ("IRAS Filing").
[2] The following OPSI members support these comments: the Delaware Public Service Commission, Public Service Commission of the District of Columbia, Illinois Commerce Commission, Indiana Utility Regulatory Commission, Maryland Public Service Commission, Michigan Public Service Commission, New Jersey Board of Public Utilities, North Carolina Utilities Commission, Pennsylvania Public Utility Commission, Tennessee Public Utility Commission, and Public Service Commission of West Virginia. The Kentucky Public Service Commission, Public Utilities Commission of Ohio, and Virginia State Corporation Commission abstained.

I. COMMENTS

Recognizing the 2027/2028 Base Residual Auction ("BRA") cleared short of the PJM Region Reliability Requirement, PJM now proposes several measures intended to improve regional resource adequacy, including the creation and maintenance of an NLL Registry, establishment of IRAS, requiring new large loads to Bring Your Own New Capacity ("BYONC") to avoid IRAS, and excluding NLL without an associated capacity commitment from the variable resource curve in future auctions.[3]

As proposed, IRAS would only apply "in Delivery Years when the amount of Capacity Resources committed falls short of the PJM Region Reliability Requirement."[4] These shortfalls are directly correlated to when NLL enters the market without bringing on associated capacity.[5] By establishing IRAS, PJM is providing a path to accommodate the interconnection of these new large loads when insufficient capacity is procured and available to reliably serve the system while also limiting cost shifting to legacy ratepayers as described in the Ratepayer Protection Pledge.[6] Compensating them further is not just and reasonable.

A. OPSI SUPPORTS THE BYONC INCENTIVE, BUT PJM SHOULD FURTHER EXPLAIN WHETHER IT IS EXPECTED TO EXACERBATE VOLATILITY OF SUPPLY

PJM defines BYONC as "megawatts of Unforced Capacity" associated with qualifying new resources, including new-build generation, incremental capacity from uprates or Surplus Interconnection Service, certain repowered generation, and incremental capacity resulting from a change to a more efficient fuel type.[7] The new capacity requirement is a critical component of

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[3] IRAS Filing at 21–23.
[4] *Id.* at 39.
[5] *Id.*
[6] *See* The White House, Ratepayer Protection Pledge (Mar. 4, 2026), available at https://www.whitehouse.gov/releases/2026/03/ ratepayer-protection-pledge/ [https://perma.cc/N8PH-K82T].
[7] IRAS Filing, Proposed Tariff, Attachment DD-4 § VI.

PJM's filing. One of the very purposes of IRAS is "for New Large Loads to bring new capacity to address their capacity needs instead of relying on PJM's capacity market" and eliminate resource adequacy shortfalls.[8] OPSI is supportive of the primary objectives of this proposal.

However, OPSI notes that the availability of IRAS in some delivery years but not others, along with the associated BYONC requirements, is complex and could introduce volatility into PJM's capacity construct. For example, BYONC resources may disappear after they are no longer required to contribute capacity value in a period of capacity shortfall when IRAS is available, but contribute to future scarcity conditions by not being obligated to be a part of the capacity construct. PJM should explain the potential interaction and impacts between scarcity and non-scarcity periods, how its proposal promotes stability, and address any impacts that may increase long term instability to the capacity market caused by entering and exiting periods of scarcity.

B. OPSI SUPPORTS CURTAILING NEW LARGE LOADS WITHOUT SUFFICIENT CAPACITY BEFORE PRE-EMERGENCY LOAD MANAGEMENT

OPSI has supported the proposed curtailment priority throughout the Critical Issue Fast Path ("CIFP") process this year. In March, OPSI wrote, "NLLs that fail to procure sufficient new capacity either bilaterally or through the [Reliability Backstop Procurement ("RBP")] should be subject to a … framework under which PJM directs [Electric Distribution Companies ("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 [this] framework until their paired capacity comes online."[9] However, towards the end of the CIFP process this summer, PJM proposed no mandatory curtailment of new large loads in

[8] *Id.* at 80.

[9] OPSI, *OPSI Board Feedback to PJM* (March 2026) available at: https://opsi.us/wp-content/uploads/2026/03/OPSI-RBP-Feedback.pdf.

lieu of simply providing a registry for states to implement these curtailments at the retail level.[10]

OPSI pushed back on PJM's recommendation at that time to not include any type of regional curtailment response, writing, "Because PJM's updated proposal declines to address the region's current resource adequacy challenges at the regional level, by fairly identifying the amount and location of curtailments across the region, electric customers in the PJM region lose the very efficiencies they rely on PJM to provide. More importantly, the proposal functionally eliminates the incentive for NLL to bring new capacity."[11]

PJM now proposes to implement an IRAS Action before calling on Pre-Emergency Load Management when available economic real-time supply may be insufficient to maintain required reserves or applicable reliability limits and prevent cascading outages.[12] Under this sequencing, NLLs that have not brought sufficient new capacity may be required to reduce load before PJM turns to existing Pre-Emergency Load Management resources.[13] OPSI supports this curtailment priority.

Calling on IRAS first 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 protecting existing customers and preserving demand response resources. It also reduces the likelihood that NLL-driven resource adequacy shortfalls will unnecessarily trigger scarcity conditions, which inflated escalates energy prices that all loads must pay.

OPSI expects some parties to argue that NLLs should receive the same firm-service as

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[10] PJM, *PJM Connect and Manage CIFP Proposal Stage 4* (June 23, 2026) available at: https://www.pjm.com/-/media/DotCom/committees-groups/cifp-rbp/2026/20260630/20260630-item-02a---pjm-stage-4-proposal---connect-and-manage---executive-summary.pdf.
[11] OPSI, *Statement of OPSI to the PJM Board of Managers at the June 30, 2026, Critical Issue Fast Path Meeting* (June 30, 2026) available at: https://opsi.us/wp-content/uploads/2026/06/OPSI-RBP-CM-Verbal-Remarks.pdf.
[12] IRAS Filing at 75; Proposed Tariff, Attachment DD-4 § I(b).
[13] *Id.* at 94–97.

other customers and should be permitted to rely on PJM's capacity market to procure the capacity needed to serve them. But where an NLL has entered the system without bringing sufficient new capacity, delaying its curtailment until after PJM has called on existing Pre-Emergency Load Management resources would shift the consequences of that shortfall onto customers and resources that did not cause it. That outcome would undermine the basic purpose of IRAS. Further, given the magnitude and rapid addition of NLLs, OPSI agrees with PJM's argument that NLLs should be treated differently. This differential treatment should reasonably include less firm service.

The scale and speed of NLL additions make this prioritization particularly important. PJM has now experienced consecutive capacity auction shortfalls while adding unprecedented levels of largely flat, high-usage load. In these circumstances, existing customers should not bear the first operational consequences of capacity shortages associated with NLLs that have not brought sufficient new capacity. The challenges associated with the rapid influx of NLLs are not temporary, and PJM should preserve a regional mechanism that places curtailment responsibility where the associated resource adequacy risk originates.

C. <u>OPSI SUPPORTS EXCLUDING NEW LARGE LOADS WITHOUT BYONC FROM THE VRR CURVE UNTIL THEY BRING THEIR OWN CAPACITY</u>

Beginning with the 2029/2030 BRA, PJM proposes to exclude NLLs without sufficient BYONC or Allocated RBP Unforced Capacity ("UCAP") MW from the Variable Resource Requirement ("VRR") Curve.[14] PJM will start with all NLL in the relevant Delivery Year forecast and subtract the NLL included in the 2028/2029 forecast, leaving only incremental NLL. PJM will then subtract the incremental NLL supported by BYONC or Allocated RBP UCAP MW and convert the remainder to UCAP using the Forecast Pool Requirement for the RTO or the estimated

[14] *Id.* at 109–10.

import-impact factor for a Locational Deliverability Area ("LDA").[15] The resulting "Excluded" NLL Amount is removed from the applicable RTO or LDA VRR Curve beginning with the 2029/2030 Delivery Year.[16] Subsequently, PJM will reduce the quantity position of Points A, B, and C on the VRR curve by the applicable excluded NLL amount, thereby removing that load from the capacity demand curve for the relevant BRA.[17] PJM will add an excluded NLL back to the VRR Curve in the same RPM Auction in which its associated BYONC or Allocated RBP UCAP MW enters the supply curve, thereby matching the additional demand with commensurate capacity.[18]

OPSI supports this component of PJM's proposal. NLLs entering the system without sufficient new capacity should not be permitted to increase capacity-market demand and rely on PJM's existing capacity supply to satisfy that incremental requirement. PJM's proposal appropriately places an ongoing obligation on these loads to secure the new capacity necessary to support their entry into the system. Only when an NLL obtains BYONC or Allocated RBP UCAP MW would its demand be added back to the VRR Curve, with the associated new capacity entering the market at the same time.[19] This approach preserves the fundamental incentive underlying PJM's proposal. NLLs should "build, bring, or buy" the capacity needed to serve their incremental demand rather than shifting that responsibility and the resulting impact on capacity costs to existing customers.[20]

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[15] *Id.* at 112–14.
[16] *Id.* Proposed Tariff, Definitions—Excluded RTO New Large Load Amounts and Excluded LDA New Large Load Amounts.
[17] IRAS Filing at 117–18.
[18] *Id*. at 115–16.
[19] *Id.* at 111, 115–16.
[20] *Id.* at 110–11 & n.294.

D. OPSI SUPPORTS THE LARGE LOAD REGISTRY TO INFORM RETAIL CURTAILMENT AND COST ALLOCATION

OPSI supports PJM's proposed Large Load Registry because it will provide states and Electric Distributors with the information needed to design and administer retail curtailment and cost-allocation mechanisms for NLLs. The Registry will include information such as location, in-service date, peak load, backup generation, peak-shaving adjustments, BYONC, and other relevant characteristics, and PJM will use that information to identify and allocate IRAS obligations by zone/area.[21] PJM also recognizes that this information will "give Electric Distributors and state entities access to critical information they may elect to rely upon when fashioning such load reduction protocols."[22] OPSI supports appropriate confidentiality protections,[23] but states must have meaningful access to the Registry so they can determine how curtailment should be implemented at the retail level and how resulting costs or responsibilities should be allocated consistent with state law and policy.

II. PJM SHOULD CLARIFY THE PROPOSED IRAS COMPENSATION RATE AND THE MECHANISM USED TO DETERMINE IT

The framework PJM describes leaves considerable uncertainty as to the eventual wholesale rate that NLLs may be entitled to under this proposal and the authority of retail regulators to set the IRAS compensation rate. PJM describes the IRAS framework as squarely within the Commission's established transmission jurisdiction and proposes that "[t]he rate for the provision of Interim Resource Adequacy Service shall be 50% of the Non-Performance Charge Rate" unless an Eligible NLL elects to accept less in its retail rates or waive receipt in its retail rates.[24] However,

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[21] *Id.* at 5, 28, 37.
[22] *Id.* at 7.
[23] This is a key component. For example, Illinois law limits the Illinois Commerce Commission's ("ICC") access to confidential data. It is important that PJM's registry reflect the confidentiality limitation and still be usable for states such as Illinois or other similarly restricted states.
[24] IRAS Filing at 2. Proposed Tariff, Attachment DD-4 § X(a).

it is not clear who has the ultimate authority to modify this rate if NLL and retail regulators disagree. PJM states that should an Eligible NLL agree to either of these conditions in its retail rates then the wholesale rate for the provision of IRAS shall reflect the accepted sum.[25] But PJM writes in its transmittal letter that "[w]hether a specific New Large Load may be entitled to compensation for provision of IRAS will be determined by state authorities under state law or [Relevant Electric Retail Regulatory Authorities] as may be applicable."[26]

<u>Request for clarification</u>
PJM should clarify whether retail regulators can set the IRAS rate itself at retail or if they simply have the ability to determine whether specific retail loads are entitled to compensation, independent of the rate itself.

Further, PJM's proposal does not compel states to do anything. PJM should clarify whether state action or inaction, alone – independent of waiver or modification of the rate by the NLL, could prevent an NLL from receiving compensation for providing wholesale Interim Resource Adequacy Service. PJM writes, "[I]f states decline to act ***<u>and</u>*** Eligible New Large Loads decline to initiate regulatory proceedings to recover through retail rates the wholesale IRAS rate, they would effectively waive a right to compensation."[27]

<u>Request for clarification</u>
PJM should clarify which determination it expects to control if an NLL initiates a regulatory proceeding to recover the wholesale IRAS rate, but the state either declines to act or approves a compensation rate different from the amount agreed to by the Eligible NLL.

<u>Request for clarification</u>
If PJM's proposal permits retail regulators to establish or modify the IRAS rate, PJM should confirm that interpretation, describe where that is stated in its tariff language, and explain how the Commission may accept a proposal that delegates to retail regulators the authority to set the rate for a wholesale service provided by a retail customer.

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[25] *Id.*
[26] *Id.* at 106.
[27] *Id.* at 107.

III. IF THE COMMISSION REACHES THE MERITS ON THE EXISTING RECORD, IT SHOULD SEVER THE COMPENSATION PROVISIONS AND FIND THEM TO BE UNJUST AND UNREASONABLE

PJM has not demonstrated that compensating Eligible NLLs at 50% of the Non-Performance Charge Rate is just and reasonable. By PJM's own account, rapid large-load growth has outpaced new supply, tightened the capacity market, and produced resource-adequacy shortfalls.[28] PJM attributes the current shortfall particularly to the "unprecedented surge in data center load" occurring faster than new supply can come online, placing regional resource adequacy "under significant stress."[29] IRAS nevertheless permits an NLL to obtain the "speed to power" it desires – to connect even when sufficient new capacity is not yet available if it accepts possible curtailment before PJM initiates Pre-Emergency Load Management procedures.[30] That accelerated access is the benefit the NLL receives in exchange for accepting reduced reliability. Existing customers should not be required to compensate the NLL when PJM exercises the very curtailment condition that enabled the load to enter service before sufficient capacity became available. Indeed, PJM describes IRAS as a mechanism that "support[s] reliability while allowing New Large Loads to connect even when new capacity supply lags behind load growth" and describes demand-supported capacity as providing a "bridge to power" until new generation comes online.[31]

Further, PJM's reliance on the compensation rate applicable to Pre-Emergency Load Response does not justify a different result. That rate addresses customers that paid for capacity but did not receive the load-response service for which they paid during stressed system conditions.[32] IRAS presents the opposite cost-causation and benefits relationship. The eligible

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[28] *Id.* at 13-14.
[29] *Id.* at 21.
[30] *Id.* at 14, 49–50, 105.
[31] *Id.* at 14, 57.
[32] IRAS Filing at 102–03.

NLL has not brought sufficient new capacity, its accelerated interconnection contributes to the condition necessitating curtailment, and it receives the principal benefit of entering service before the supporting capacity can come online. PJM offers no reason why customers that neither caused that incremental capacity need nor received the benefit of accelerated interconnection should pay the NLL to mitigate the reliability risk its uncovered entry created. Nor does PJM tie the proposed 50% rate to the Eligible NLL's incremental costs, demonstrated forgone value, or any other measure of the cost of providing IRAS. Most tellingly, PJM expressly provides that the wholesale IRAS rate may be reduced to zero and affirmatively represents that "[t]his is a just and reasonable rate."[33] PJM therefore concedes that no additional wholesale compensation is necessary to make IRAS just and reasonable, and should all the states set the IRAS rate at $0, agrees that this would be a just and reasonable wholesale rate. The Commission should sever and reject proposed Attachment DD-4 § X and accept the remainder of PJM's filing without the unsupported 50% compensation mechanism if it reaches the merits on the existing record.

IV. <u>CONCLUSION</u>

The rapid influx of NLLs appearing in the PJM region presents a real threat to regional resource adequacy and reliability, and the status quo is not an option. OPSI appreciates PJM's efforts to identify appropriate curtailment procedures and provide information to the states to better inform their retail decision-making. PJM should reexamine the curtailment compensation framework and provide clarification in this filing.

[33] *Id.* at 105; Proposed Tariff, Attachment DD-4 § X(a).

Respectfully Submitted,

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Dated: September 3, 2026

CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served in accordance with 18 C.F.R. §385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

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Dated at Newark, Delaware this September 3, 2026.