

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PECO Energy Company.	)))	Docket No. ER25-3492-000
----------------------	-------------	--------------------------

COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 211 of the Commission’s Rules and Regulations¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),² submits these comments responding to the Transmission Security Agreement (“TSA”) by and between PECO Energy Company (“PECO”) and Amazon Data Services, Inc. (“Amazon”) filed by PECO on September 23, 2025.

The parties state (at 1) that the TSA is a bilateral agreement intended to ensure that “a contribution to the transmission revenue requirement is made by Amazon commensurate with its requested end-use load relating to the construction of and service to its Data Center.” Specifically, the parties state (at 2): “The TSA establishes protections in the event of Amazon’s failure to timely construct the Data Center and related facilities, failure of such facilities to reach commercial operation by the commercial operation date or failure to remain in operation throughout the term of the TSA.”

The TSA includes important provisions that protect LSE customers from some significant economic risks based on the cost of transmission upgrades, but it does not

¹ 18 CFR § 385.211 (2025).

² Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”), the PJM Operating Agreement (“OA”) or the PJM Reliability Assurance Agreement (“RAA”).

address the key question of whether there is sufficient capacity to serve the identified large new data center load without imposing significant and unacceptable reliability and capacity related cost impacts on all PJM customers. The Market Monitor recommends that the TSA not be approved unless PECO can demonstrate that the referenced new data center load can be served reliably and economically.

I. COMMENTS

A. The TSA Fails to Address the Impact on System Generation Reliability and System Economic Costs

The Market Monitor recognizes and appreciates that the parties have made an effort to address the implications of interconnecting large new data center loads. The purpose of the agreement is to help protect the LSE's (PECO's) customers from some of the transmission related risks and costs associated with the proposed interconnection of large new data center load. However, the TSA does not address the impacts of the proposed interconnection, and the large MW quantity of other interconnections announced by Exelon, PECO's parent company, on generation capacity reliability and the associated capacity and energy costs for the entire PJM system.

The TSA does not address the most important reliability and economic issues. While PECO performed tests to determine if the transmission system could reliably serve the large new data center load, neither PECO nor PJM performed comparable tests to determine if there is adequate generation capacity to reliably serve the large new data center load and others like it. In addition, the TSA does not address the resultant imposition of capacity costs and energy costs on other PJM market participants.

The current stakeholder process at PJM related to the system impacts of the interconnection of large new data center loads has clarified that PJM does not believe that the current rules provide PJM with the authority to prevent the interconnection of large new data center loads when PJM does not have enough capacity to reliably serve those

loads.³ The Market Monitor believes that PJM does have that authority, but clarification is clearly needed from the Commission.

Despite the protections included in the TSA, it is not just and reasonable to allow the interconnection of this large new data center load when it has not been demonstrated that either PECO or PJM has the capacity available to reliably serve this load. Interconnecting such load will impose reliability risks and economic costs on all PJM customers. The Market Monitor has calculated the impact on capacity market costs that affect all customers. The combined total increase in capacity market revenues for the 2025/2026 BRA (Scenario 88) and the 2026/2027 BRA (Scenario 4) was \$16,603,301,829.⁴ This calculation does not include the impact on energy market costs which would also be substantial if large new data center loads are interconnected when PJM does not have the capacity to serve them. These issues should be addressed before large new data center loads like the large new data center load identified in the filing are interconnected to the PJM grid.

B. PJM Market Rules Address Reliability Obligation

The PJM Market Rules commit Load Serving Entities and PJM to maintaining reliability based on adequate generating capacity in addition to adequate transmission capability.

The PJM Reliability Assurance Agreement (RAA) commits each signatory Load Serving Entities “to share its Capacity Resources with the other Parties to reduce the overall reserve requirements for the Parties while maintaining reliable service.”⁵

³ See PJM Critical Issue Fast Path--Large Load Additions (CIFP), which can be accessed at: <https://www.pjm.com/committees-and-groups/cifp-lla>.

⁴ See Monitoring Analytics, LLC, Analysis of the 2025/2026 RPM Base Residual Auction--Part G (June 3, 2025); Monitoring Analytics, LLC, Analysis of the 2026/2027 RPM Base Residual Auction--Part A (October 1, 2025), both which can be accessed at: <https://www.monitoringanalytics.com/reports/Reports/2025.shtml>.

⁵ See RAA Preamble.

One of the stated purposes of a Control Area is to provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.⁶ The RAA defines Good Utility Practice.⁷

The RAA defines “Reliability Principles and Standards” as “the principles and standards established by the Office of the Interconnection that define, among other things, an acceptable probabilistic of loss of load criteria due to inadequate generation or transmission capability, as amended from time to time.”⁸

The purpose of the RAA is stated as Article 2: “This Agreement is intended to ensure that adequate Capacity Resources, including planned and Existing Generation Capacity Resources, planned and existing Demand Resources, and Energy Efficiency Resources will be planned and made available to provide reliable service to loads within the PJM Region, to assist other Parties during Emergencies and to coordinate planning of such resources consistent with the Reliability Principles and Standards.”⁹

The Forecast Pool Requirement (RAA Schedule 4) is determined by the PJM Board: “The Forecast Pool Requirement shall be determined for the specified Planning Periods to establish the level of Capacity Resources that will provide an acceptable level of reliability consistent with the Reliability Principles and Standards.”¹⁰

⁶ See RAA Art. 1 (Control Area).

⁷ See RAA Art. 1 (Good Utility Practice) (““Good Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.”).

⁸ See RAA Art 1 (Reliability Principles and Standards).

⁹ See RAA Art 2.

¹⁰ See RAA Schedule 4.

PJM Manual 20A Resource Adequacy Analysis, states in the Overview: “This manual focuses on the criteria, studies, and methodologies employed to ensure resource adequacy of the PJM system effective with the 2025/2026 Delivery Year.” Manual 20A defines several studies that are required in order to meet this objective. For example, Section 2 covers the resource requirement study (RRS) and the effective load carrying capability (ELCC) study. Section 2, Overview states: “The objective of the RRS is to determine the amount of both, installed and accredited unforced capacity, that the system requires to meet the RTO-wide resource adequacy criteria.”

The Market Monitor believes that PJM is not required to provide interconnection service or transmission service to large new data center loads when the loads cannot be served reliably consistent with the standards defined in the PJM Market Rules. The Market Monitor believes that LSEs like PECO should not be permitted to agree to interconnect large new data center loads that cannot be served reliably. PJM has the authority to ensure resource adequacy, and to take measures necessary to ensure resource adequacy.

To the extent that the Commission does not agree that PJM and/or PECO have the necessary authority to deny the interconnection of large new data center customers when their loads cannot be served reliably or at just and reasonable rates, the Market Monitor recommends that such authority be even more explicitly provided.

C. *Mobile Sierra* Issues

The TSA includes a *Mobile Sierra* clause (§ 7(C)(b)) which would require application of the public interest standard if the TSA is challenged in the future, including by third parties. Because the TSA does not ensure that additional capacity will be available to match the identified loads, the TSA should not be approved without removing the *Mobile Sierra* clause and retaining the ordinary just and reasonable standard. If the TSA is approved including the *Mobile Sierra* clause and the public interest standard, it should be explicitly recognized that the potential results of adding significant load without sufficient capacity include adverse impacts to resource adequacy and capacity and energy price increases for

existing customers, and that any such impacts would be contrary to the public interest and would impose excessive burdens on customers that would be a valid basis to terminate or modify the TSA.¹¹

D. Summary

This TSA is precedential and review of this TSA provides the Commission an opportunity to provide guidance to LSEs and to PJM on their authority to take actions necessary to ensure that LSEs and PJM can meet their reliability obligations. As a result of the issues identified by the Market Monitor, the Market Monitor recommends that the TSA not be approved unless PECO can demonstrate that the referenced new data center load can be served reliably and without imposing increased capacity costs and energy costs on all PJM customers.

¹¹ *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348, 355 (1956) (describes public interest standard as “whether the rate is so low as to adversely affect the public interest -- as where it might impair the financial ability of the public utility to continue its service, cast upon other consumers an excessive burden, or be unduly discriminatory”).

II. CONCLUSION

The Market Monitor respectfully requests that the Commission afford due consideration to this pleading as the Commission resolves the issues raised in this proceeding.

Respectfully submitted,



Joseph E. Bowring
Independent Market Monitor for PJM
President
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8051
joseph.bowring@monitoringanalytics.com

Jeffrey W. Mayes
General Counsel
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8053
jeffrey.mayes@monitoringanalytics.com

Dated: October 14, 2025

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 Eagleville, Pennsylvania,
this 14th day of October, 2025.



Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

2621 Van Buren Avenue, Suite 160

Eagleville, Pennsylvania 19403

(610)271-8053

jeffrey.mayes@monitoringanalytics.com