

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

PJM Interconnection, L.L.C.

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Docket No. ER26-3380-000

**ANSWER AND MOTION FOR LEAVE TO ANSWER
OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rules 212 and 213 of the Commission’s Rules and Regulations,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),² submits this answer to, and moves for leave to answer, the answer submitted by PJM on September 10, 2026 (“September 10th Answer”).

The proceeding concerns the filing submitted by PJM Interconnection, L.L.C. (“PJM”) on July 31, 2026, proposing (at 1) “to establish the Reliability Backstop Procurement (“RBP”)—a one-time procurement of new capacity to address resource adequacy challenges in the PJM Region arising from insufficient commitments of capacity in the 2027/2028 and 2028/2029 Reliability Pricing Model (“RPM”) Auctions, primarily driven by the unprecedented addition of large loads, most notably data centers” (“RBP Filing”).

Despite the clearly stated public policy goals of elected officials, PJM’s stated purpose is not to assign the costs and risks of data centers to data centers. PJM’s stated purpose is not to protect other PJM customers from paying the costs and bearing the risks caused by data

¹ 18 CFR §§ 385.212 & 385.213 (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”).

centers. The shortfall identified in the RBP Filing is a result solely of data center demand.³ PJM's approach will continue to impose data center costs on other customers. PJM fails to correctly identify the source of the capacity market and reliability problem. PJM fails to correctly identify the appropriate solution to the problem. As a result of the incorrect framing of the problem, the details of the RBP Filing are largely irrelevant. The details are about implementing a design that cannot achieve the correct objective of ensuring that data centers bear their own costs. The significant issues with the design details further reveal the flaws within PJM's approach.

PJM actually denies the fact that the shortfall faced by PJM is the result of data center load. PJM states (September 10th Answer at 64): "It is fallacious to suggest that a just and reasonable cost allocation approach must either identify specific loads (which are not FPA-jurisdictional actors) and not the LSEs serving those loads or be limited to one type of load when the resource adequacy shortfall is caused by *all* types of loads that comprise the subject Load Adjustments" [emphasis in original].)

The underlying theme and narrative of PJM's RBP and IRAS Filings is that data center load is just load and the normal PJM capacity market and energy market mechanisms can handle the impact of data center load. PJM even goes a step beyond and incorrectly asserts that the identified shortfall is a result of all types of loads. In a word, PJM asserts that it is just supply and demand.⁴ PJM fails to recognize that the massive influx of data center load requires a paradigm shift in thinking about capacity. PJM fails to recognize that the massive influx of data centers requires a policy decision. That policy decision cannot reasonably fall back on simple high school economic nostrums. The policy instruction from a wide range of sources, including the elected representatives of the 67 million residents in PJM's market area,

³ See Monitoring Analytics, LLC "Analysis of the 2027/2028 RPM Base Residual Auction – Part A," (January 5, 2026).

⁴ See 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 (2026) ("IRAS Filing").

is clear. Data centers should pay for their own costs. A significant part of data center costs is the cost of the capacity required to serve them. PJM's proposals fail to conform to that policy instruction.

PJM attempts to use its current capacity cost allocation mechanism for the obligations that result from the RBP with EDCs/LSEs at the center and in which EDCs/LSEs receive an allocation of capacity costs from PJM and then allocate those costs to customers on a peak load basis. The current cost allocation process is clearly not adequate to address the assignment of data center costs to data centers. Rather than directly addressing the problem, PJM's proposal would push the issue to the states by suggesting that states can create allocation rules that the EDCs/LSEs must follow.

The September 10th Answer fails to address these underlying issues primarily by ignoring the real policy issue and focusing on narrow technical issues of how to implement the misguided RBP approach.

On August 21, 2026, the Market Monitor submitted a protest demonstrating that the RBP Filing has not been supported as just and reasonable. The Market Monitor's protest also demonstrated that the RBP Filing is unjust and unreasonable, and that attempting to implement it will severely damage PJM markets, impose data center costs on other customers as an intended consequence, create unintended consequences, and compound that damage for a period of 15 years. The Market Monitor concluded that, for all these reasons, the RBP Filing should be rejected.

The RBP Filing and PJM's September 10th Answer would continue to impose the costs of data center development on other customers. The RBP Filing and PJM's September 10th Answer would continue to add to the \$29.4 billion of capacity market costs that have resulted from the inclusion of data centers and PJM's inaction to date by leaving 20,539.7 MW of data

center load in the 2029/2030 BRA to be run in December 2026.^{5 6} While appearing to recognize that data center load is the source of the reliability issues facing PJM, PJM's actual proposal would impose the costs and risks of the proposed RBP solution on other customers. The shortfall identified by PJM is entirely the result of existing and forecast data center load, yet PJM has failed to verify the underlying details of the forecast and refuses to reduce the forecast, and therefore the shortfall, based on known changes to data center plans. The costs of addressing the shortfall within the RBP approach are inflated as a result of PJM's failure to include any market power mitigation rules, failure to use a single clearing price auction and the creation of crushing collateral requirements for EDCs/LSEs and their customers.

The September 10th Answer entirely fails to address the most fundamental issues raised in the Market Monitor's protest. The central error in the RBP Filing was not addressed in the September 10th Answer. PJM assigns the responsibility for the identified shortfall to individual EDCs that have data centers in their areas and to their customers despite the irrefutable fact that the RBP shortfall is entirely the result of data center load. PJM's approach directly contradicts the principle that data center costs should be paid by data centers and not by other customers. PJM does not explain why it is just and reasonable to assign the costs of data center loads to EDCs/LSEs. PJM proposes to penalize EDCs and their customers for the locational decisions of data centers. As a result of the fact that PJM is avoiding taking responsibility for the final allocation of data center costs by EDCs, it is impossible to know what the final outcome of PJM's RBP Filing will be.

⁵ Total data center load in 2029/2030 BRA (27,371.0 MW) minus PJM's shortfall (6,831.3). See PJM. Total Load Adjustments Breakdown <<https://www.pjm.com/-/media/DotCom/planning/res-adeq/load-forecast/total-load-adjustments-breakdown.xlsx>>.

⁶ See Monitoring Analytics, LLC, *2026 Quarterly State of the Market Report for PJM: January through June*, Section 5: Capacity Market (August 13, 2026).

PJM has the authority to require LSEs to condition wholesale service to data centers on a requirement that data centers enter into bilateral contracts with generators that protect other customers from the data center costs.⁷

Even if PJM were to allocate costs to other customers, PJM has the authority to allocate the RBP costs to all PJM customers consistent with the allocation of backstop auction costs in the current tariff.⁸

PJM asserts that it is not really allocating costs to the EDCs and their customers by asserting that states can require the EDCs to allocate those costs to data centers. PJM is attempting to evade its responsibility to directly ensure that data centers pay their own costs by shifting that responsibility to the states and the EDCs. PJM denies responsibility for allocating data center costs to data centers (at 56–58) by stating that this is not PJM’s job but is the job of the states, based on an incorrect understanding of the FERC/PJM jurisdictional authority. Despite all that, PJM does include a specific allocation of RBP data center costs to LSEs (EDCs here) in the event that no alternative is created by individual states and EDCs/LSEs are expected to allocate those costs to their customers per the method currently used to allocate capacity costs.^{9 10}

PJM focuses on the defined shortfall while ignoring the much larger issue of total existing and forecast data center load. On a UCAP basis, the total data center load included in the 2028/2029 BRA was 20,183.9 MW which is approximately three times the shortfall identified by PJM. The September 10th Answer does not address this fundamental issue,

⁷ See Protest of the Independent Market Monitor for PJM, Docket No. ER26-3380-000 (August 21, 2026), at 28–32.

⁸ See PJM OATT Attachment DD § 16.4(e)(ii).

⁹ See RBP Filing, Attachments (A&B) Proposed OATT Attachment DD § 18.3(b)(iii).

¹⁰ See RAA Schedule 8 § D.

including the fact that data center load will continue to result in a significant increase in capacity market costs for all customers in the upcoming 2029/2030 BRA in December 2026.

The Market Monitor identified significant implementation issues in the RBP Filing that the September 10th Answer fails to address. These issues, including the explicit failure to address the exercise of market power, and the bafflingly complex implementation by PJM, are all created by PJM's misguided attempts to blame EDCs and their customers for the addition of data center load rather than simply assigning the costs and risks of data center load to data centers. For all these reasons, the RBP Filing is unjust and unreasonable and should be rejected.

The Market Monitor recognizes the urgency of the situation facing the PJM markets. The Market Monitor continues to recommend that the Commission reject the RBP Filing and direct PJM, under the Commission's FPA Section 206 authority, to file, within two weeks, a solution with the following elements:

- PJM should, working with LSEs and EDCs, immediately identify data center load not interconnected by June 1, 2026, and remove it from RPM capacity market auctions.
- PJM should establish criteria to be included in the RAA defining the obligations of LSEs to require that new data center loads have 15 year bilateral contracts with new generation that do not permit any cost or risk shifting to other customers. The contracts would be based on general terms and conditions in accordance with tariff defined criteria with the cost and risk specifics defined by the data centers and generators.
- For LSEs with data centers unable to make independent arrangements meeting the criteria, PJM should run a full single clearing price auction using the BRA capacity market clearing model for new data center load. LSEs would require data centers to participate in the reliability backstop auction if they do not have a bilateral contract for new generation that meets the requirements of such contracts. When the clearing process is complete, the LSEs would require that generators and data

center loads enter into 15 year bilateral contracts that do not permit any cost or risk shifting to other customers. The contracts would be based on general terms and conditions in accordance with tariff defined criteria with the cost and risk specifics defined by the data centers and generators.

- PJM should establish curtailment obligations for wholesale service to data centers during a defined transition period that would allow all data centers the time to contract for new generation.

These requirements meet the goals of the Pledge and Principles and can be implemented immediately.

I. ANSWER

A. PJM's Reliance on "Cooperative Federalism" Is Misguided and Has Resulted in a Flawed and Incomplete Proposal.

The September 10th Answer defends (at 56–65) what it alleges is a "cost allocation approach" in the RBP Filing with references to "cooperative federalism." The RBP Filing does not propose a cost allocation approach, it proposes to procure the 6,831.3 MW shortfall of capacity through a flawed process that, by default, imposes the costs and risks of meeting data center load on other customers. PJM hopes that the states will come up with additional rules for allocating costs consistent with the broad consensus represented by the Pledge and

Principles.^{11 12} PJM relies on speculation about what states may or may not do to complete its proposal. The RBP Filing should be rejected as incomplete because it does not clearly state how the costs and risks of meeting data center load must be assigned to customers. PJM failed to file a complete regional solution consistent with its role as an RTO. PJM's balkanized approach is inefficient and ineffective at creating consistent regional markets. The Commission has the jurisdiction needed to approve a complete proposal.

¹¹ See The White House, "Ratepayer Protection Pledge" (March 4, 2026), <https://www.whitehouse.gov/releases/2026/03/ratepayer-protection-pledge/?utm_source=wh_social_share_button>, Proclamation No. 11014, 91 Fed. Reg. 11439 (Mar. 4, 2026) ("Today, pursuant to the Ratepayer Protection Pledge, leading United States hyperscalers and AI companies guarantee that data centers' energy needs will not increase household electricity costs for American citizens. Instead, these companies will build, bring, or buy the new generation resources and electricity needed to satisfy their energy demands, and pay for all new power delivery infrastructure upgrades to service their data centers. They will voluntarily negotiate new, separate rate structures with their utilities and relevant State governments, and pay those rates, and for their infrastructure, whether they use the electricity or not. They will also invest in local communities and coordinate with grid operators to contribute to a more reliable grid.") ("Pledge"). On July 23, 2026, over 200 additional entities joined the pledge. See The White House, "President Trump's Ratepayer Protection Pledge Secures American AI Dominance, Protects Consumers" (July 23, 2026), <https://www.whitehouse.gov/releases/2026/07/president-trumps-ratepayer-protection-pledge-secures-american-ai-dominance-protects-consumers/?utm_source=wh_social_share_button>.

¹² National Energy Dominance Council, Statement of Principles Regarding PJM (January 16, 2026) <<https://www.energy.gov/documents/statement-principles-regarding-pjm>> ("Principles"). Two principles apply to the contemplated procurement of new generation. First, the procurement should "[p]rovide 15-year price certainty for *new* capacity resources" [emphasis]. The statement notes that this can be done in through a "Reliability Backstop Auction," but does not require that this auction be a centralized procurement by PJM or that PJM customers assume risks. Second, "PJM should allocate the cost of any new capacity through the aforementioned Reliability Backstop Auction to load serving entities (LSEs) with new data centers that have not self-procured new capacity or agreed to be curtailable." The principles, agreed to by the Governors of PJM States Indiana, Ohio, Maryland Pennsylvania, Virginia, West Virginia, Delaware, Illinois, Michigan, New Jersey, Tennessee, North Carolina and Kentucky, call for PJM to do the allocation and to match data centers to the costs not excluding risks of new resources or commitments to curtail. Additional principles that going beyond the RBF Proposal, the Market Proposal, or potential alternatives, include: (i) extending the price collar for two additional RPM Base Residual Auctions, (ii) PJM improving load forecasting, (iii) accelerating generator interconnections, i.e., the Reliability Resource Initiative (RRI), and (iv) continued efforts to reform the capacity market.

PJM should ensure that the costs and risks of acquiring capacity to meet all data center load, and not just the identified shortfall, are allocated to the data centers creating those costs and risks in the PJM Region, consistent with the Pledge and Principles. Data centers and the owners of new generation built to serve them are best positioned to understand and manage the risks associated with building data centers and securing their power supply. It does not serve the public interest to assign risk to customers who have no understanding and ability to manage the associated risks. What states may or not do is unknown, but it cannot be assumed the state regulators are better able to understand and manage these risks than data centers and generators. The design flaws in the RBP Filing are required by PJM's failure to assign risks to those that create them.

PJM reveals that it rejects the policy determination that underlies the Pledge and Principles.¹³ Although it attempts to hide behind an incorrect jurisdictional analysis, PJM reveals here that it does not intend the RBP Filing to actually address the issue that it initially identified as the reason for submitting the RBP Filing.¹⁴ Failing to recognize the extraordinary nature of data center demands treats existing customers unjustly and unreasonably. PJM cannot show that its proposal is just and reasonable while failing to distinguish between new data center load and existing load.

PJM's attempts to justify its incomplete RBP Filing based on an improper framing of the Commission's jurisdiction. States have jurisdiction over generation, and over retail sales

¹³ Cf. September 10th Answer at 64 ("It is fallacious to suggest that a just and reasonable cost allocation approach must either identify specific loads (which are not FPA-jurisdictional actors) and not the LSEs serving those loads or be limited to one type of load when the resource adequacy shortfall is caused by *all* types of loads that comprise the subject Load Adjustments" [emphasis in original].); RBP Filing at 1 (PJM proposes "to establish the Reliability Backstop Procurement ("RBP")—a one-time procurement of new capacity to address resource adequacy challenges in the PJM Region arising from insufficient commitments of capacity in the 2027/2028 and 2028/2029 Reliability Pricing Model ("RPM") Auctions, primarily driven by the unprecedented addition of large loads, most notably data centers").

¹⁴ *Id.*

in their own states. States do not have jurisdiction over neighboring states. PJM does not show that states have the capability to perform the allocation consistent with the Pledge and Principles. States cooperating with (or failing to cooperate with) other states to regulate interstate commerce, displacing Federal regulation, is not cooperative federalism. PJM should not attempt to transfer its responsibility to operate the regional capacity market to the states. The Supreme Court has recognized that the Commission's jurisdiction extends to rules related to retail customers' participation in the wholesale power markets as sellers.¹⁵ The Supreme Court recognizes Federal jurisdiction over the terms and conditions of retail customers' participation in wholesale markets even as they remain retail customers.

PJM apparently believes that because data centers are retail customers, PJM cannot require that the LSEs who serve them place terms and conditions on service to data centers.¹⁶ PJM has not reconciled this position with the jurisdiction exercised under the Reliability Assurance Agreement ("RAA"). The RAA requires LSEs to meet their obligations from capacity provided by generators that meet the terms and conditions of the RAA.¹⁷ LSEs are not permitted under the RAA to rely on Generation Capacity Resources that do not meet

¹⁵ See *FERC v. EPSA*, 577 U.S. 260, 281 (2016) (*EPSA*) ("Yet a FERC regulation does not run afoul of §824(b)'s proscription just because it affects—even substantially—the quantity or terms of retail sales. It is a fact of economic life that the wholesale and retail markets in electricity, as in every other known product, are not hermetically sealed from each other. To the contrary, transactions that occur on the wholesale market have natural consequences at the retail level. And so too, of necessity, will FERC's regulation of those wholesale matters. Cf. *Oneok, Inc. v. Learjet, Inc.*, 575 U. S. 373, 387... (2015) (noting that in the similarly structured world of natural gas regulation, a "Platonic ideal" of strict separation between federal and state realms cannot exist). When FERC sets a wholesale rate, when it changes wholesale market rules, when it allocates electricity as between wholesale purchasers—in short, when it takes virtually any action respecting wholesale transactions—it has some effect, in either the short or the long term, on retail rates. That is of no legal consequence.").

¹⁶ See RBP Filing at 64 ("It is fallacious to suggest that a just and reasonable cost allocation approach must ... identify specific loads (which are not FPA-jurisdictional actors) ...").

¹⁷ See RAA Schedules 9, et seq. & 10 (rules for PJM to evaluate capability and deliverability of Generation Resources).

these terms and conditions regardless of state views about the capability of the facilities.¹⁸ Resources included in Fixed Resource Requirement (“FRR”) Plans under Schedule 8.1 to the RAA must also meet requirements specified in the RAA.¹⁹

PJM does not explain why it cannot propose terms and conditions related to data centers through the LSEs that serve them when it can and does include terms and conditions through LSEs (and other intermediate entities such as Curtailment Service Providers) on other retail customers and on generation facilities. The reliability backstop procurement would be a part of PJM’s rules designed to ensure resource adequacy through the capacity markets and related rules. The capacity market rules are terms and conditions of wholesale energy sales.

The case for jurisdiction is stronger in this case than it was in *EPSA*. This case concerns the procurement of capacity under proposed capacity market rules. The RBP Filing is a modified version of the existing rules for reliability backstop auctions.²⁰ The purpose of the RBP is to address the particular and extraordinary demands related to resource adequacy attributable to the rapid interconnection of data centers in the PJM Region. The Supreme Court has recognized PJM and federal responsibility in this area to the point that such responsibility preempts state action.²¹ Data centers are receiving wholesale sales along with the associated terms and conditions of such sales from PJM through Load Serving Entities.

¹⁸ See *id.*

¹⁹ See RAA § 7.2.

²⁰ See RBP Filing at 28 (“[B]ackstops to . . . market design based solutions that are required to insure reliability’ are nothing new to PJM.[citation omitted] In fact, the RBP bears several significant similarities to the existing Reliability Backstop Auction provisions set forth in Tariff, Attachment DD, section 16.”).

²¹ See *Hughes v. Talen Energy Mktg., LLC*, 578 U.S. 150, 163 (2016) (“We agree with the Fourth Circuit’s judgment that Maryland’s program sets an interstate wholesale rate, contravening the FPA’s division of authority between state and federal regulators. As earlier recounted, . . . the FPA allocates to FERC exclusive jurisdiction over ‘rates and charges . . . received . . . for or in connection with’ interstate wholesale sales. §824d(a). Exercising this authority, FERC has approved the PJM capacity auction as

PJM allocates costs to EDCs based on the level of data center load in their areas that the EDCs have provided to PJM through the large load adjustment process.²² While PJM asserts that it does not have jurisdiction over the allocation of costs to customers by the EDC, PJM does include rules defining that allocation to EDCs that would apply in the event that the states do not develop allocation rules.²³ EDCs/LSEs are expected to allocate those costs to their customers per the method currently used to allocate capacity costs.²⁴

PJM denies responsibility for allocating data center costs to retail loads while making critical decisions about that allocation. The RBP Filing would allocate the costs of meeting data center load to EDCs rather than to data centers.

PJM's attempt to justify its incomplete proposal based on an incorrect jurisdictional analysis and to instead rely on speculation about actions that states may take is insufficient to support the RBP Filing as just and reasonable. PJM's approach is unjust and unreasonable. The RBP Filing should be rejected for that reason.

B. The September 10th Answer Fails to Address the Issues Raised by the Market Monitor and Others.

1. The Shortfall is Entirely the Result of Data Center Load.

It is a matter of fact that the apparently very precise 6,831.3 MW of shortfall is the result solely of data center load and that the shortfall MW are not correct.

the sole rate setting mechanism for sales of capacity to PJM, and has deemed the clearing price per se just and reasonable").

²² See RBP Filing, Attachment A, Proposed OATT Attachment DD § 18.3(a).

²³ See *id.*, Proposed OATT Attachment DD § 18.3(b).

²⁴ See RAA Schedule 8 § D.

PJM set the RTO-wide RBP procurement target as the shortfall observed in the July 2026 RPM Base Residual Auction (“BRA”) for the 2028/2029 Delivery Year.²⁵ PJM defined this shortfall as the difference between the total cleared capacity (in UCAP MW) and the RTO RPM reliability requirement for that auction. Table 1 shows PJM’s calculation of the shortfall that will be used to set the RBP procurement target. PJM’s peak load forecast for the 2028/2029 Delivery Year, which is based on PJM’s 2026 Load Forecast Report, included 21,470.0 MW (ICAP) of data center load. The total organic load in PJM’s peak load forecast was only 144,483.5 ICAP MW for the 2028/2029 Delivery Year. The data center load’s contribution to PJM’s reliability requirement (20,183.9 UCAP MW) was approximately three times (2.95 times) the shortfall (6,831.3 UCAP MW) in the 2028/2029 BRA run in July 2026. There would have been no shortfall in the RPM BRA if not for the large data center load included in the peak load forecast.

²⁵ See RBP Filing, Attachment A (Marked Tariff Records), Proposed OATT Attachment DD § 18.1(a).

Table 1 Shortfall and Data Center Load in the 2028/2029 RPM BRA²⁶

	2028/2029 RPM BRA	Formula
Organic Load ICAP (MW)	144,479.5	A
Data Center Load ICAP (MW)	21,474.0	B
Forecast peak load ICAP (MW)	165,953.5	C=A+B
FRR peak load ICAP (MW)	11,556.0	D
PRD ICAP (MW)	0.0	E
Installed reserve margin (IRM)	20.0%	F
Pool-Wide Accredited UCAP Factor	78.34%	G
Forecast pool requirement (FPR)	0.9401	H=(1+F)*G
Cleared UCAP (generation and DR)	138,317.8	I
Cleared ICAP (generation and DR)	176,560.9	J=I/G
RPM peak load ICAP (MW)	154,397.5	K=C-D-E
RPM peak load UCAP (MW)	120,955.0	L=K*G
Organic reliability requirement UCAP (MW)	135,825.2	M=A*H
Data Center reliability requirement UCAP (MW)	20,187.7	N=B*H
FRR Obligation UCAP (MW)	10,863.8	O=D*H
RPM reliability requirement UCAP (MW)	145,149.1	P=M+N-O
Shortfall UCAP (MW)	6,831.3	Q=P-I

2. The Shortfall MW Value Is Not Correct and PJM Refuses to Correct It.

It is a matter of fact that PJM's MW shortfall target is not correct. PJM provided no actual response to this point in the September 10th Answer other than to state that it is ok to be incorrect. PJM plans to reduce the shortfall for opt out MW but refuses to reduce the shortfall based on reductions in identified data center loads.

The shortfall procurement target is based on the 2028/2029 BRA held in July 2026. PJM set the procurement target to the deficit calculated as the difference between the RTO reliability requirement and the total cleared MW in the 2028/2029 BRA. In the 2028/2029 BRA, the deficit was 6,831.3 MW. The data center load forecast for the 2028/2029 BRA was based

²⁶ For this calculation, it is assumed that the FRR load does not include data center load.

on large load adjustments received by PJM before September 5, 2025.²⁷ Since then, several data center projects have been cancelled. The Market Monitor calculated that 4,016.9 MW or 42 percent of the forecasted increase in the data center load between the 2026/2027 Delivery Year and 2028/2029 Delivery Year have been cancelled or delayed as of September 21, 2026.²⁸ ²⁹ Of the 4,016.9 MW of cancelled or delayed data center load, the Dominion EDC accounted for 51 percent and the AEP-Ohio EDC accounted for 29 percent. There are no provisions in the RBP Filing to revise the data center load forecast and the target procurement prior to the RBP procurement process.

The assertion in the September 10th Answer (at 18) that the RBP procurement target of 6,831.3 MW is “deliberately conservative” and “allowing procurement of capacity beyond the initial 2028/2029 Delivery Year decreases the risk of over procurement” is not supported. PJM arrived at the 6,831.3 UCAP MW as the shortfall in 2028/2029 Base Residual Auction that used the load forecast that included EDC provided large load adjustments, which were based on inputs from data center developers (see Table 1). These estimates are understood to include speculative load and have been significantly revised in the past and are likely to be

²⁷ See PJM Presentation at Load Analysis Subcommittee, “Large Load Adjustment Discussion,” <<https://www.pjm.com/-/media/DotCom/committees-groups/subcommittees/las/2025/20251028/20251028-item-05---large-load-adjustments.pdf>> (October 28, 2025).

²⁸ PJM included 11,993 MW of data center load in the 2026/2027 BRA and 21,474 MW in the 2028/2029 BRA (see Table 2). The cancelled or delayed data center load of 4,016.9 MW as of September 21, 2026, represents 42 percent of the 9,481 MW increase (21,474 MW minus 11,993 MW) between the two base residual auctions.

²⁹ The Market Monitor calculation is based on tracking of datacenter project status by Industrial Info Resources (IIR) corroborated by publicly available data <<https://www.industrialinfo.com>>. The Market Monitor does not have access to project level data behind large load adjustments requested by EDCs. The Market Monitor considered only cancelled and delayed data center projects that were originally scheduled to be in service by 2029 as indicated by the IIR tracking data.

revised.³⁰ PJM never did a detailed evaluation of whether each data center was likely to be built, leaving the details to the EDCs.

The September 10th Answer argues (at 22) that the Commission does not require the RBP procurement target to be continuously adjusted to reflect updated information. PJM cites the Commission's decision in which the Commission accepted information in certain contexts based on a perceived need for balance.³¹ Neither case involved condoning reliance on inaccurate or stale information over available accurate or fresh information. The argument that PJM seeks to evade is that PJM must support its 6,831.3 MW target, inherently a precise number, based on accurate and contemporaneous information. The cases cited by PJM involved acceptance of proposals intended to achieve balanced results and of rules potentially remaining in place indefinitely.³² PJM has not explained how reliance on stale and inaccurate information would contribute to a balanced procurement or any other reason. The RBP Filing is for a one time special reliability backstop auction in response to an emergency shortfall. PJM is not entitled to propose any number that it can conjure using inaccurate and stale information. The one time auction will place significant obligations on PJM customers for 15 years. Under these circumstances, PJM should recognize its obligation to procure the

³⁰ According to a recent report by Capgemini Research Institute, "Around one in five data center power requests may never materialize, distorting forecasts," <https://www.capgemini.com/wp-content/uploads/2026/06/2025_06_25_-Capgemini_AI-meets-the-grid-report_-_press-release-1.pdf> (June 25, 2026).

³¹ *Id.* at 22, citing *PJM Interconnection, L.L.C.*, 128 FERC ¶ 61,157, at P 77 (2009); *Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,108 (2024).

³² *See PJM*, 128 FERC ¶ 61,157 at P 77 (rejected argument opposing market design proposal because an alternative approach, that was not proposed, that could have addressed alleged "bias in estimation"); *MISO*, 189 FERC ¶ 61,108 at 64 (Approving RTO MW Value based on statement: "[W]hile an 85% Threshold MW Value does not eliminate these risks, they believe that it strikes the best balance between mitigating oversubscription and undersubscription risk.").

amount needed based on reliable evidence showing what is needed. No such procurement should be approved as just and reasonable unless that obligation is met.³³

PJM's RBP Filing improperly uses stale information that will have a substantial financial impact on rate payers. Any procurement to serve a data center load that is not expected to be online at the time of the delivery year represents a fully avoidable financial burden for ratepayers. PJM is well positioned to obtain updated information to adjust the large load forecast and accordingly adjust the procurement target. Failure to do so would result in unjust and unreasonable outcome.

In direct contradiction to PJM's assertion, even with PJM's RBP framework, the failure to conduct the procurement process without updated accurate information imposes unnecessary costs and risks on EDCs and their customers. The evidence suggests substantial slowdown in the data center project development.³⁴

Table 2 shows the data center load included in the summer peak load forecast for the 2025/2026 through 2028/2029 RPM BRAs. PJM forecast that the load from the planned data centers and the forecast load growth from the existing data centers (above embedded) would be 16,436 MW higher for the 2028/2029 BRA.

Table 3 shows the calculated shortfall for a range of data center load assumptions. In Scenario 1, the data center peak load is assumed to be fixed at 11,993 MW, the level forecast by PJM for 2026 (Table 2). In Scenario 1, PJM would have a 1,096.5 MW surplus rather than a shortfall. In Scenario 2, it is assumed that only 50 percent of the forecasted data center peak

³³ See *N. Plains Res. Council, Inc. v. Surface Transp. Bd.*, 668 F.3d 1067, 1086 (2011) ("Reliance on data that is too stale to carry the weight assigned to it may be arbitrary and capricious," citing *Lands Council v. Powell*, 395 F.3d 1019, 1031 (9th Cir. 2005)).

³⁴ The Market Monitor calculated that 4,016.9 MW have been cancelled or delayed as of September 21, 2026. This calculation is based on tracking of datacenter project status by Industrial Info Resources (IIR) corroborated by publicly available data <<https://www.industrialinfo.com>>. The Market Monitor does not have access to project level data behind large load adjustments requested by EDCs. The Market Monitor considered only cancelled and delayed datacenter projects that were originally scheduled to be in service by 2029 as indicated by the IIR tracking data.

load would be added to the PJM system between the 2026 Summer and 2028 Summer.³⁵ This scenario represents the possibility that part of the data centers would not come online as projected by the 2028/2029 Delivery Year. The 50 percent assumption is illustrative and not based on actual data. In Scenario 2, the shortfall would be reduced to 2,374.7 MW. Scenario 3 assumes that the data center load identified by the Market Monitor as cancelled or delayed as of September 21, 2026, will not come online by the 2028/2029 Delivery Year. The Market Monitor calculated that 4,016.9 MW or 42 percent of the forecasted data center load between 2026/2027 Delivery Year and 2028/2029 Delivery Year has been cancelled or delayed as of September 21, 2026.³⁶ ³⁷ In Scenario 3, the shortfall would be reduced to 3,055.0 MW.

Table 2 Embedded and above embedded data center load for the 2025/2026 through 2028/2029 RPM BRAs³⁸ ³⁹

	Above Embedded Data Center Load (MW)	All Data Center Load (MW)
2025/2026 RPM BRA (Based on 2024 Load Forecast)	4,654	7,927
2026/2027 RPM BRA (Based on 2025 Load Forecast)	7,892	11,993
2027/2028 RPM BRA (Based on 2025 Load Forecast)	13,018	17,071
2028/2029 RPM BRA (Based on 2026 Load Forecast)	16,436	21,474

³⁵ The forecasted increase in data center peak load between 2026 and 2028 is 9,481 MW (21,474 MW – 11,993 MW). A 50 percent increase equals 16,733.5 MW (11,993 + 0.5*9,481).

³⁶ PJM included 11,993 MW of data center load in the 2026/2027 BRA and 21,474 MW in the 2028/2029 BRA (see Table 2). The cancelled or delayed data center load of 4,016.9 MW as of September 21, 2026, represents 42 percent of the 9,481 MW increase (21,474 MW minus 11,993 MW) between the two base residual auctions.

³⁷ The Market Monitor calculation is based on tracking of datacenter project status by Industrial Info Resources (IIR) corroborated by publicly available data <<https://www.industrialinfo.com>>. The Market Monitor does not have access to project level data behind large load adjustments requested by EDCs. The Market Monitor considered only cancelled and delayed datacenter projects that were originally scheduled to be in service by 2029 as indicated by the IIR tracking data.

³⁸ Embedded load means existing data center load at the time of the forecast. Above embedded includes forecast increases in load for both existing data center load and new data center load.

³⁹ See PJM. 2026 PJM Long-Term Load Forecast Report <<https://www.pjm.com/-/media/DotCom/library/reports-notice/load-forecast/2026-load-report.pdf>> (February 6, 2026). Previous PJM Long-Term

Table 3 Shortfall under different data center load assumptions

	2028/2029 RPM BRA	Scenario 1	Scenario 2	Scenario 3	Formula
Organic Load ICAP (MW)	144,479.5	144,479.5	144,479.5	144,479.5	A
Data Center Load ICAP (MW)	21,474.0	11,993.0	16,733.5	17,457.1	B
Forecast peak load ICAP (MW)	165,953.5	156,472.5	161,213.0	161,936.6	C=A+B
FRR peak load ICAP (MW)	11,556.0	11,556.0	11,556.0	11,556.0	D
PRD ICAP (MW)	0.0	0.0	0.0	0.0	E
Installed reserve margin (IRM)	20.0%	20.0%	20.0%	20.0%	F
Pool-Wide Accredited UCAP Factor	78.34%	78.34%	78.34%	78.34%	G
Forecast pool requirement (FPR)	0.9401	0.9401	0.9401	0.9401	H=(1+F)*G
Cleared UCAP (generation and DR)	138,317.8	137,332.5	138,317.8	138,317.8	I
Cleared ICAP (generation and DR)	176,560.9	175,303.2	176,560.9	176,560.9	J=I/G
RPM peak load ICAP (MW)	154,397.5	144,916.5	149,657.0	150,380.6	K=C-D-E
RPM peak load UCAP (MW)	120,955.0	113,527.6	117,241.3	117,808.2	L=K*G
Organic reliability requirement UCAP (MW)	135,825.2	135,825.2	135,825.2	135,825.2	M=A*H
Data Center reliability requirement UCAP (MW)	20,187.7	11,274.6	15,731.2	16,411.4	N=B*H
FRR Obligation UCAP (MW)	10,863.8	10,863.8	10,863.8	10,863.8	O=D*H
RPM reliability requirement UCAP (MW)	145,149.1	136,236.0	140,692.5	141,372.8	P=M+N-O
Shortfall UCAP (MW)	6,831.3	(1,096.5)	2,374.7	3,055.0	Q=P-I

3. PJM Incorrectly Allocates Data Center Costs to EDCs/LSEs and Their Customers.

PJM's assertions about the role of LSEs obscures the fact that every EDC is an LSE but not every LSE is an EDC. Competitive LSEs exist in restructured states and compete with the zonal EDC to serve retail customers. While the exact rules vary, if there are no competitive LSEs, then EDCs become the default LSE. Given that PJM's RBP Filing would impose significant risks on LSEs, it is very unlikely that a competitive LSE would agree to serve a data center load. As a result, EDCs will bear the risks that the PJM RBP Filing would impose on what PJM terms LSEs. EDCs are the PJM Transmission Owners plus public power entities. Table 4 shows the list of EDCs that may be allocated a shortfall MW under PJM's RBP proposal. In this filing, the Market Monitor uses the term EDC to include this group.

Load Forecast Reports <<https://www.pjm.com/-/media/DotCom/planning/res-adeq/load-forecast/previous-load-forecast-reports.zip>>.

Table 4 List of EDCs with Potential Allocation of Shortfall MW⁴⁰

Zone	EDC
BGE	BGE
PECO	PECO
PPL	PPL
PSEG	PSEG
AEP	AEP-Ohio
APS	APS-PE
AT SI	AT SI-PP
AT SI	AT SI-Ohio
COMED	COMED
DAY	DAY
DOM	DOM
DOM	NVEC
DOM	ODEC
DOM	REC

4. PJM Allocates Financial Risks Created by Data Centers to EDCs and Their Customers.

The fundamental design of PJM’s RBP Filing assigns the risk for data center costs to EDCs and their non data center customers. PJM would require EDCs to post unprecedented levels of collateral in order to cover the risks that PJM’s RBP Filing would inappropriately impose on EDCs and their customers.

The September 10th Answer fails to address or resolve the substance of the protests related to the proposed RBP credit requirements. The protests question the size of the buyer side credit requirement, the basis for the calculation, the lack of adherence to accepted standards and the interaction with current RPM credit requirements. In addition, PJM gives no consideration to the carrying cost of the LSE collateral requirement or the effect of carrying this amount of debt will have on the LSE’s credit rating.⁴¹

⁴⁰ See RBP Filing, Attachment C (“Croop Affidavit”) at 12.

⁴¹ See Protest of East Kentucky Power Cooperative, Inc., Attachment B – Coscia Affidavit at 122 and 142, Docket No. ER26-3380-000 (August 21, 2026) (“EKPC Protest”).

Rather than directly address the overwhelming deficiencies in the RBP Filing related to credit requirements, PJM suggests that the “LSE credit rules do not need to be effective for the RBP to be conducted” and that PJM “would consent to the Commission resolving the applicable buyer-side LSE RBP Credit Rate through additional procedures.”⁴² The Market Monitor disagrees. Simply ignoring the massive impact of the RBP Filing on risk, credit and collateral and addressing that impact only after it has been made inevitable if the rest of the PJM RBP Filing is accepted is not a plan. PJM’s RBP Filing must be evaluated in its entirety including its intended consequences for credit and risk and its unintended consequences for the markets. The credit provisions are fundamental to the backstop auction and should not be artificially separated from the backstop auction design in order to win FERC approval.

The issues with the buyer side credit provision stem from PJM’s proposed RBP design. The failure to match the individual suppliers with the individual buyers creates the credit problem by spreading the risk to EDCs and their customers rather than limiting the risk to the parties to bilateral contracts. PJM’s proposed solution is to impose a credit requirement that could total \$10.2 billion on EDCs.⁴³ This is an unprecedented level of collateral that would almost double the total collateral held by PJM for all markets.⁴⁴

The September 10th Answer has no substantive response to the issues raised in the protests. The overwhelming credit and collateral requirements are a direct and unavoidable result of the RBP design.

⁴² September 10th Answer at 93.

⁴³ Equal to the Initial Target MW (6,831.3) x \$1.5 million. *See* EKPC Protest, Attachment B (Coscia Affidavit) at 7.

⁴⁴ In support of the EKPC Protest, Dr. Coscia notes that PJM held \$10.9 billion in collateral for all markets on July 30, 2026.

PJM's credit requirement for EDCs with data center load is \$1.5 million per MW.^{45 46} PJM arrived at the \$1.5 million per MW value by first estimating the total value of a 1 MW RBP commitment for 15 years at an RBP average procurement cost of \$555/MW-day, or \$3.0 million (= 15 years x \$555 per MW-day x 365 days).⁴⁷ With no supporting argument based on credit markets, PJM simply used half of the \$3.0 million as the buyer side credit requirement. PJM notes that the present value of 15 annual payments (\$220,575 = \$555 per MW-day x 365 days), discounted at 9.5 percent, is approximately \$1.5 million per MW.^{48 49} PJM does not assert that this would provide adequate credit to cover the liability that the RBP Filing would create. PJM provides no analytical basis for the 9.5 percent discount rate. If a discount rate were to be used, it should reflect what the provider of collateral is paid in interest. PJM's discount rate clearly does not meet that standard. PJM's interest payments to its customers on held collateral is far below 9.5 percent.

PJM's credit requirements are significantly asymmetric between load and generation. While imposing these requirements on EDCs and their customers, PJM would require much lower credit for sellers of generation under the RBP Filing. PJM proposes that RBP sellers provide collateral equal to 20 percent of the first three years of their RBP sell offers.⁵⁰ Under assumptions consistent with the buyer side obligation derivation, namely that 1 MW is offered at \$555 per MW-day, the RBP seller's credit requirement is \$121,545 per MW (3 years

⁴⁵ RBP Filing, Attachment A (Marked Tariff), Proposed OATT Attachment DD § 18.8(b)(i)(B)(1).

⁴⁶ RBP Obligation is an LSE's allocation of RBP UCAP MW. See RBP Filing, Attachment A – Marked Tariff, Definitions.

⁴⁷ RBP Filing, Attachment D (Kelly Affidavit) at 25.

⁴⁸ RBP Filing, Attachment D (Kelly Affidavit) at 27.

⁴⁹ Dr. Coscia points out that this calculation is meritless because PJM used a discount rate (9.5 percent) equal to the weighted average cost of capital for merchant generation investment that PJM assumes in its cost of new entry analysis. PJM offers no justification as to why this discount rate would be appropriate for LSEs with data center load. See EKPC Protest, Attachment B Coscia Affidavit at 129.

⁵⁰ RBP Filing, Attachment A (Marked Tariff), Proposed OATT Attachment DD § 18.8(a)(iv).

x \$555 per MW-day x 365 days x .20) or 4 percent of the total value of the RBP obligation. This means that the proposed credit requirements are \$1.5 million per MW for the buyer and \$121,545 per MW for the seller. The credit requirement is 50 percent of the total value of the RBP obligation for the buyer and 4 percent for the seller. PJM provides no justification for the buyer's credit requirement being 12.5 times higher than the seller's.

The proposed provisions regarding the return of collateral would create another significant disparity between buyer and seller. The RBP Filing proposes that the collateral posted by the RBP seller be returned one year after the resource achieves commercial operation.⁵¹ RBP buyers must maintain their collateral for the full 15 year term. The return of collateral for buyers is less well defined with proposed tariff language stating that the credit rate "may be reduced ... when total posted RBP Collateral is greater than the total remaining RBP Charges obligations."^{52 53} The RBP Filing would ignore generator operating risk.

PJM's asymmetric proposal does not represent a likely result of a bilateral contract in which the risk was limited to the buyer and the seller. The RBP Filing imposes significant risks on the EDCs and therefore their customers, a comparatively small amount of risk on the suppliers, and no risk on the data centers. The EDCs and their customers should not bear the risk of these transactions. The risk should be borne by the principals of the transaction, the data centers and the generators. As the Market Monitor has proposed, the buyer and seller would have to agree to credit and breach of contract provisions, and the EDCs and the LSEs would not be party to the agreement.

The EKPC Protest also identified an issue with the timing of the buyer credit provisions that is not addressed by the September 10th Answer. Coscia states the "credit

⁵¹ RBP Filing, Attachment A (Marked Tariff), Proposed OATT Attachment DD § 18.8(a)(iii)(B).

⁵² RBP Filing, Attachment A (Marked Tariff), Proposed OATT Attachment DD § 18.8(b)(i)(A).

⁵³ In support of the EKPC Protest, Dr. Coscia notes that this deviates from established standards and current PJM practices.

requirement is absent during the period of greatest uncertainty.”⁵⁴ The period to which Coscia refers is the time between posting the RBP results and the date that collateral is due, which is 45 days prior to the start of the delivery year.⁵⁵ For the 2028/2029 Delivery Year, the LSE credit requirement is due the middle of April 2028. The RBP obligations for each of the 14 Electric Distributor zone/areas with data center load (Table 4) will be fixed at the conclusion of the RBP. For the period from the close of the RBP to 45 days prior to the start of the 2028/2029 Delivery Year, no collateral secures the EDCs’ obligation and in fact, the EDCs will not know their credit requirements until they are assigned an RBP Obligation. If a data center load fails to materialize during this period, there is no collateral to fall back on and the RBP charges will fall to other customers in the Electric Distributor zone/area.

In the RBP Filing, the RBP charges are first allocated to the Electric Distributor zone/areas based on their pro rata shares of the Final RBP Target MW.⁵⁶ The initial RBP Target MW is 6,831.3 MW. This value will be reduced by Qualifying RBP Offset UCAP MW and UCAP MW satisfying the opt out provisions.⁵⁷ ⁵⁸ Qualifying RBP Offset UCAP MW correspond to data center load that was included in the shortfall that has since secured its own capacity. The UCAP MW eligible for the opt out provision are in an Electric Distributor zone/area that is not regulated by the state and the EDC is unable to allocate the RBP costs, i.e. some public power entities. The Final RBP Target MW will be determined just prior to the RBP and each “zone/area’s assigned share of the Final RBP Target MW shall remain constant throughout the fixed, 15-year term.”⁵⁹

⁵⁴ EKPC Protest, Attachment B (Coscia Affidavit) at 72.

⁵⁵ RBP Filing, Attachment A (Marked Tariff), Proposed OATT Attachment DD § 18.8(b)(i)(B)(1).

⁵⁶ RBP Filing, Attachment A (Marked Tariff), Proposed OATT Attachment DD § 18.1(a).

⁵⁷ RBP Filing, Attachment A (Marked Tariff), Proposed OATT Attachment DD § 18.1(b).

⁵⁸ See example calculation in RBP Filing, Attachment C (Croop Affidavit) at 46–50.

⁵⁹ *Id.*

The next phase of the settlement process is to allocate the RBP charges assigned to each Electric Distributor zone/area to EDCs. PJM states that the allocation to EDCs or end use customers will be based on values “provided to PJM by the Electric Distributor designated to coordinate with the states and/or RERRAs to the extent that states and/or RERRAs wish to provide the Electric Distributors with information on how costs are allocated to LSEs.”⁶⁰ If PJM does not receive RBP Obligation MW values from an Electric Distributor zone/area then PJM will “assign the RBP UCAP MW using the Daily Unforced Capacity Obligation MW load ratio shares in the respective zone/area that are assigned RBP UCAP MW.”⁶¹ The RBP Filing describes this last provisions as the “backup default cost allocation.”⁶²

Under the so called backup default cost allocation, PJM will allocate the RBP Charges for the area to all LSEs (EDCs here) in the area.⁶³ In other words, the RBP charges will be allocated to LSEs (EDCs here) in the same manner as RPM charges. In the case where there are other LSEs in the EDC with no data center load, they will also be charged for the cost of capacity to meet the data center load. EDCs/LSEs are expected to allocate those costs to their customers per the method currently used to allocate capacity costs.⁶⁴

In the case that a data center fails, the corresponding obligation will fall to other customers in the Electric Distributor zone/area. This is true whether the LSE has posted collateral or not. The collateral posted by the EDC is only accessed in the case that the EDC actually defaults on RBP charges. If the EDC defaults, the proposed OATT Attachment DD § 18.9(a) would apply and the charges would be “allocated to all remaining Load Serving Entities responsible for paying RBP Charges” and “may be offset by the RBP Collateral

⁶⁰ RBP Filing, Attachment C (Croop Affidavit) at 51.

⁶¹ RBP Filing, Attachment C (Croop Affidavit) at 52.

⁶² RBP Filing, Attachment C (Croop Affidavit) at 41.

⁶³ RBP Filing, Attachment A (Marked Tariff), Proposed OATT Attachment DD § 18.1(b)(iii).

⁶⁴ See RAA Schedule 8 § D.

posted by the defaulting” LSE.⁶⁵ Otherwise, the charges would be assigned under proposed OATT Attachment DD § 18.3(b)(i)-(ii) to other customers in the Electric Distributor zone/area.

5. PJM Ignores Fundamental Locational Market Requirements.

The RBP Filing and September 10th Answer ignore the locational requirements that are an essential part of the capacity market. The PJM Capacity Market has been, from the genesis of the RPM design in 2007 based on locational reliability differences, been a locational market. The PJM Capacity Market includes Locational Deliverability Areas (“LDA”). PJM calculates a reliability requirement for every LDA with Capacity Emergency Transfer Limit (“CETL”) that exceeds the LDA’s Capacity Emergency Transfer Objective (“CETO”) by 115 percent or meets other criteria. PJM has been using CETO and CETL metrics to account for transmission network constraints that prevent capacity in one part of the system from reliably serving load in another part of the PJM system. PJM’s failure to account for the actual location of data centers and the generation to serve them will create additional and unnecessary costs for all customers.

The central objective of PJM’s Reliability Pricing Model is to limit potential loss of load events to approximately one event every 10 years at the RTO level. PJM applies a stricter criterion to ensure that the transmission constraints do not reduce reliability. PJM’s standard is approximately one event every 25 years for every modeled LDA.

Many protestors have raised this issue.⁶⁶ PJM’s assertion that “all capacity in PJM is deliverable to all loads in PJM until transmission constraints are met,” misses the point as PJM is aware.⁶⁷ The deliverability analysis conducted when a new resource first interconnects to the PJM grid is used to identify necessary transmission upgrades and award Capacity Interconnection Rights. However, this type of interconnection study cannot and does not

⁶⁵ RBP Filing, Attachment A (Marked Tariff), Proposed OATT Attachment DD § 18.9(a).

⁶⁶ See IMM Protest at 11; EKPC Protest at 31–33; JCA Protest at 28–29; AEP Protest at 29.

⁶⁷ See PJM Answer at 60 n.179.

replace a local resource adequacy assessment in the capacity market based on CETO and CETL metrics. Unlike the engineering evaluation conducted to determine how much energy a new generator could inject, the LDA level CETO/CETL study examines power flows under specific emergency conditions caused by generation and transmission outages. The CETO/CETL analysis establishes the MW of capacity needed to meet the LDA's reliability criterion. PJM's response is inconsistent with its own practice and is simply wrong. The RBP Filing and September 10th Answer simply ignore the real issues that would be created if PJM is permitted to ignore the fundamental locational realities of the capacity market.

PJM will continue to conduct CETO/CETL analysis for each capacity market auction. If the RBP results in procuring capacity that cannot be delivered to the data center load in such a way that the LDA reliability needs are met, the LDA where the data center is located would be forced to procure more capacity in the capacity market auction. If the new capacity is not available, the LDA with the data center would pay the maximum price for capacity (shortage pricing).

PJM's argument that accounting for locational requirements for a 15 year forward contract is speculative would simply ignore the implications of PJM's RBP Filing.⁶⁸ Ignoring locational requirements would result in excess capacity in some LDAs and a shortage of capacity in others.

Under the RBP Filing, a data center load in BGE would be allowed to procure capacity located in a distant LDA, e.g. ComEd. BGE, located within the SWMAAC LDA has been one of the constrained LDAs in PJM.⁶⁹ In this scenario, BGE LDA's load would increase without offsetting generation and without additional transmission capacity to import power from outside BGE under emergency conditions. In this scenario, BGE's reliability requirement

⁶⁸ See September 10th Answer at 21.

⁶⁹ In the 2028/2029 BRA, BGE's internal generation accounted for only 53 percent of BGE's reliability requirement. The BGE LDA price separated in the 2022/2023 through 2025/2026 BRAs.

would not be satisfied and BGE customers would pay the maximum price for capacity as a result.

Allowing capacity and load to be added without accounting for locational resource adequacy would also result in higher energy market prices and increased transmission costs. In the example, in the BGE LDA with higher load and lack of offsetting generation and transmission capacity to import power would result in higher prices in the energy market. This would trigger transmission upgrades.

6. PJM's Procurement Process is Flawed.

The September 10th Answer fails to support the maximum average price of \$555/MW-day. The September 10th Answer asserts that because some commenters would like a higher number and some would like a lower number, that PJM must be correct. PJM's illogical approach does not support and cannot be the basis for selecting an exact number that will affect the costs of many PJM customers and the revenues of the new generators.

PJM provides no supportable reason for its failure to update the forward prices used in the net revenue calculation included in the Net CONE value used to calculate Point A of the Variable Resource Requirement ("VRR") curve. The failure to update the forward prices, using PJM's own method, resulted in an overstatement of the RBP price by \$82/MW-Day UCAP.⁷⁰

More importantly, PJM provides no supportable reason for its failure to provide a mechanism to update net revenues over the contract term. PJM fails to recognize that the net revenue offset will vary significantly over the 15 year life of the contracts. This has nothing to do with the contract for differences settlement mechanism that simply assures that generators will be paid their contract prices. The \$555/MW-day cap assumes energy and ancillary services net revenues are exactly equal to \$361/MW-day ICAP in every one of the

⁷⁰ See Protest of the Independent Market Monitor for PJM, Docket No. ER26-3380-000 (August 21, 2026) at Technical Appendix, included as Attachment B for more details.

15 years in the contracts. The PJM mechanism does not include a true up mechanism to ensure that generators receiving a capacity payment under the RBP are neither underpaid nor overpaid compared to their offered gross costs. PJM's RBP approach ignores the fundamental basis for the capacity market which is to provide the missing money. The same missing money logic should apply to the RBP. Generators need a total revenue level to cover the entire gross cost of units for 15 years. Total revenues include energy and capacity market revenues. Despite PJM's assertions, the procurement mechanism based solely on an incorrectly calculated and static capacity only payment creates significant risk for generators and for customers by failing to account for energy market net revenues during the contract term.

PJM's RBP Filing fails to account for the likely scenario in which data center load increases energy prices and increases net revenues yet customers have to pay the RBP price that does not reflect the increased revenues to generators.

These critical elements of the RBP design are not consistent with the design of the current backstop auction. The current backstop auction rules are based on the actual net costs of generators and reflect actual net revenues over the 15 year life of the contracts.⁷¹ The current rules provide for payment of 100 percent of the required revenue, accounting for both energy and capacity revenues. PJM fails to provide a reason for deviating from the current design.

7. PJM's Definitions of Capacity That Can Satisfy the Requirements to Meet Data Center Load are Inconsistent.

In the IMM Protest at 19-22, the Market Monitor explained the differences in PJM's definitions of the qualifying criteria for RBP resources and the RBP offset. In PJM's September 10th Answer, PJM fails to address any of the concerns raised by the Market Monitor. The problem is that PJM proposes to treat RBP offset capacity as equivalent to RBP supply for

⁷¹ OATT Attachment DD § 16.4(e)(ii).

purposes of reducing the regional reliability requirement, even though the two have materially different contractual protections and performance obligations.

In the September 10th Answer at 29, PJM states, “To be clear, the eligibility requirements for Qualifying RBP Offset UCAP and RBP Resources are not the same.” PJM states that both the RBP resources and the RBP offset would contribute to addressing the resource adequacy shortfall. But that contribution is not the same. In the September 10th Answer at 32, PJM claims that comparing the RBP resource and RBP offset requirements is an erroneous comparison. However, PJM is proposing to treat them as equivalent for reducing the procurement target. The comparison is relevant because the RBP Filing treats them as substitutes.

In the September 10th Answer at 33-34, PJM argues that the less stringent requirements for the RBP offset are meant to encourage parties to voluntarily enter into bilateral arrangements rather than reliance on the RBP framework. PJM is choosing the preferred approach to be bilateral contracts in defining their proposal. In the RBP Filing (at 40), PJM states that “bilateral agreements *may not* need to be longer than five years to develop new capacity [Italics added].” PJM does not provide any substantive support for the less stringent 5 year term of the RBP offset or for the differing criteria for RBP resources and the RBP offset. PJM does not explain how this contributes to reliability or to price stability over the next 15 years or how it interacts with the other elements of the RBP Filing.

In addition, the RBP Filing and IRAS Filing have inconsistent definitions of capacity that can be used to satisfy the requirements to meet the data center load. The IRAS Filing allows 10 year contracts for Bring Your Own New Capacity (“BYONC”) that could terminate after three years, whereas the RBP auction would require 15 year contracts but would also allow a five year bilateral contract to meet the same obligation under the RBP offset option.

The RBP Filing includes inconsistent definitions of capacity that will result in unintended consequences for reliability and capacity market prices in the future. One result of the weaker requirements will be that data center load is returned to the capacity market sooner and will impose additional costs on other customers sooner. While this may be PJM’s

goal, it is not consistent with the policy objective of requiring data centers to pay for their own costs rather than imposing their costs on other customers.

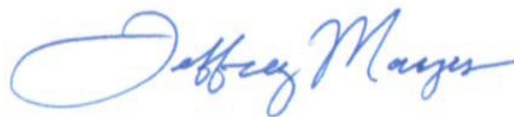
II. MOTION FOR LEAVE TO ANSWER

The Commission's Rules of Practice and Procedure, 18 CFR § 385.213(a)(2), do not permit answers to protests, answers, or requests for rehearing unless otherwise ordered by the decisional authority. The Commission has made exceptions, however, where an answer clarifies the issues or assists in creating a complete record.⁷² In this answer, the Market Monitor provides the Commission with information useful to the Commission's decision making process and which provides a more complete record. Accordingly, the Market Monitor respectfully requests that this answer be permitted.

III. CONCLUSION

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

Respectfully submitted,



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⁷² See, e.g., *PJM Interconnection, L.L.C.*, 119 FERC ¶61,318 at P 36 (2007) (accepted answer to answer that "provided information that assisted ... decision-making process"); *California Independent System Operator Corporation*, 110 FERC ¶ 61,007 (2005) (answer to answer permitted to assist Commission in decision-making process); *New Power Company v. PJM Interconnection, L.L.C.*, 98 FERC ¶ 61,208 (2002) (answer accepted to provide new factual and legal material to assist the Commission in decision-making process); *N.Y. Independent System Operator, Inc.*, 121 FERC ¶61,112 at P 4 (2007) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process).

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Dated: September 25, 2026

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 25th day of September, 2026.



Jeffrey W. Mayes
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