

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

PJM Interconnection, L.L.C.	)))	Docket No. ER26-3515-000
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**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 23, 2026 (“September 23rd Answer”), and to the answer submitted by the Data Center Coalition³ (“DCC”) to the September 23rd Answer on October 1, 2026.

On August 13, 2026, PJM submitted a proposal “to establish Interim Resource Adequacy Service (“IRAS”)—a service to be implemented by PJM solely during periods when there are insufficient resources to reliably meet demand in real time operations” (“IRAS Filing”).⁴ The IRAS rules would (*id.*) “enable PJM to prioritize load reduction in

¹ 18 CFR §§ 385.212 & 385.213 (2026).

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”).

³ DCC states (at 1 n.2) that a list of current DCC members is accessible at <<https://www.datacentercoalition.org/members>>.

⁴ The IRAS Filing is supported by an Affidavit of Christopher Pulong (Attachment C) (“Pulong Affidavit”).

zones/areas where New Large Loads [citation omitted] have not brought their own new capacity or had their capacity needs covered through the Reliability Backstop Procurement (“RBP”).” An order on the RBP auction process issued September 29, 2026 (“RBP Order”).⁵

The IRAS Filing has not been supported as just and reasonable. The IRAS Filing is not just and reasonable and it should be rejected. The IRAS Filing proposal for curtailments is not actually a proposal but is rather an attempt to shift responsibility for curtailments to the states. To the extent that the IRAS Filing would create actual rules, it has not been demonstrated to be consistent with cost causation principles, the same defect in the RBP Filing identified in the RBP Order (at PP 150–157). The IRAS Filing is unjust and unreasonable, and attempting to implement it will damage PJM markets and create unintended consequences. Contrary to DCC’s argument that the IRAS Filing proposes rules that exceed the Commission’s jurisdiction, the IRAS Filing’s core flaw is the failure to provide a solution that is consistent with federal jurisdiction, that is consistent with cost causation principles and that is consistent with federal policy.

The IRAS Filing is PJM’s non responsive response to broad agreement among policy makers, regulators, and developers, captured in the Ratepayer Protection Pledge and Principles, on the need to ensure that data centers bring their own new generation and pay their own way and to prioritize the protection of reliability and affordability for all the other customers.^{6 7} The Pledge affirms: “The Ratepayer Protection Pledge and the

⁵ See *PJM Interconnection, L.L.C.*, 196 FERC ¶ 61,245 (“RBP Order”).

⁶ 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,

commitments embodied therein effectuate the national policy of the United States.” The Commission has recognized the Pledge and Principles.⁸ The Pledge and Principles should guide the development of rules to support resource adequacy by requiring data centers to bring their own new generation, or when that is not done, procuring new capacity to serve

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>.

⁷ 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.

⁸ *See PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,211 at PP 2, 5, 8, 32 & 69 (2026) (“Large Load Show Cause Order”). The Large Loads Show Cause Order states (at P 66) (“We next preliminarily find that PJM’s Tariff appears to be unjust and unreasonable because it lacks adequate mechanisms to mitigate the risk of cost shifting among transmission customers, which may result in unjust and unreasonable rates for transmission service. In particular, we are concerned about the apparent lack of: (1) transparency regarding the assignment of Network Upgrades, and their associated costs, that are needed to provide transmission service to Eligible Customers on behalf of large loads; and (2) a pro forma cost recovery agreement between PJM, the relevant transmission owner, and the Eligible Customer taking transmission service on behalf of large loads that help ensure that Eligible Customers bear the risk and are ultimately responsible for costs incurred to provide transmission service, including the cost of Network Upgrades.”).

data centers and ensuring that data centers pay for that capacity and that those costs are not assigned, allocated or otherwise imposed on other customers.

The IRAS Filing ignores the Pledge and Principles. The IRAS Filing is a convoluted, inconsistent, confusing proposal that PJM justifies based on a misreading of jurisdictional responsibilities and under which PJM denies responsibility for reliability and assigns key undefined and inappropriate roles to the states. The September 23rd Answer does not answer the objections raised and does not provide the support needed to approve the IRAS Filing.

In addition to rejecting the IRAS Filing as not just and reasonable, an order should be issued, finding that the existing rules relating to resource adequacy for serving data centers in the PJM Region are unjust and unreasonable under Section 206 of the Federal Power Act. Such an order should direct that PJM file rules for the PJM Region establishing tariff defined curtailment obligations for wholesale service to data centers during a defined, limited transition period that would allow data centers that interconnect without new generation the time to contract for new generation but that would include curtailment rules as a long term solution to meeting the need for data centers to bring their own new generation.

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

I. ANSWER

A. Neither the IRAS Filing nor the Market Monitor's Proposed Remedial Directive Unduly Discriminates Against Data Centers.

The RBP Filing reveals PJM's confusion on the purpose of the RBP Filing and, by implication, the purpose of the associated IRAS Filing.⁹ The RBP Order directs PJM to file

⁹ Cf. PJM Answer, Docket No. ER26-3380-000 (September 10, 2026) at 64 ("It is fallacious to suggest that a just and reasonable cost allocation approach must either identify specific loads (which are

additional rules to address the central issue, to assign RBP auctions costs (at PP 150–157), finding “PJM has not adequately demonstrated that its proposal is just and reasonable and consistent with the cost causation principle.” Market Monitor believes that this means that the costs of serving data centers should be assigned to data centers. Assigning the RBP auction costs to data centers meets the definition of the cost causation standard because data centers are the cause of the problem to be solved by the RBP Filing. The stated purpose of the IRAS Filing is to define rules that would require curtailments when some data centers fail to bring their own new generation. Yet the IRAS Filing fails to meet its stated purpose.

The Commission’s issuance of Remedial Directives advocated by the Market Monitor would solve the problem in a manner fully consistent with both cost causation principles and the Pledge and Principles.¹⁰

DCC, nevertheless, argues (at 18) “PJM has not demonstrated that New Large Loads are in fact causing PJM’s capacity shortfall.” DCC also argues (at 16–19) that the “factual differences” relied upon by PJM are not adequate to justify discriminatory treatment. DCC’s surprising assertion that the reasons for the IRAS Filing do not justify rules specific to data centers has no merit. It is data centers that are uniquely seeking interconnection at the scale and at the speed sought by data centers. It is clear from the evidence that data

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, Docket No. ER26-3380-000 (August 13, 2026) 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”).

¹⁰ See Protest of the Independent Market Monitor for PJM, Docket No. ER26-3380-000 (August 21, 2026) at 28–32; Protest of the Independent Market Monitor for PJM, Docket No. ER26-3515-000 (September 3, 2026) (“IMM Protest”) at 36–40.

center customers are uniquely the cause of the reliability issues faced by PJM.¹¹ It is uniquely data center customers that are seeking to rely on curtailments so that they can participate in the wholesale power markets before the infrastructure needed to serve them is ready.

The Pledge and Principles demonstrate that data centers recognize that the data centers are causing the problems that the IRAS Filing purports to address and that the data centers recognize that they need to bring their own generation and pay their own costs. DCC never mentions the Pledge and Principles, and the DCC fails to explain how its opposition comports with the Pledge and Principles and the commitments and public positions of some of the most significant members of the DCC. DCC's arguments that the IRAS Filing fails because it is unduly discriminatory are not supported and should be rejected.

B. PJM Can File a Complete Proposal Consistent with the Pledge and Principles for the Same Reasons It Defends the Commission's Jurisdiction to Approve the IRAS Filing.

The September 23rd Answer defends (*passim*) against protests and comments alleging the IRAS Filing proposes rules beyond the Commission's jurisdiction to approve. PJM is correct that the IRAS Filing is within the Commission's jurisdiction to approve. In addition, for the same reasons that PJM provides in defense of the IRAS Filing, PJM could have proposed rules that recognize the scope of the Commission's jurisdiction and that therefore actually address the issue affecting wholesale energy markets and regional reliability consistent with the Pledge and Principles.

¹¹ The most recent Base Residual Auction Reports are located at <<https://www.monitoringanalytics.com/reports/Reports/2026.shtml>>. Also see, the 2026 Quarterly State of the Market Report for PJM: January through June at <<https://www.monitoringanalytics.com/reports/PJM State of the Market/2026.shtml>>.

The IRAS Filing falls far short of what is needed because PJM fails to propose curtailment rules that are consistent with the Commission’s jurisdiction and therefore have the intended result. Instead, PJM relies on speculation about what states may do to complete its proposal. The IRAS Filing should be rejected because it does not result in assigning the costs and risks of meeting data center load to data center customers. PJM failed to file a consistent regional solution consistent with its role as an RTO and consistent with the Commission’s jurisdiction. PJM’s balkanized approach cannot create a consistent regional market that applies the same rules across the entire market and that does not create unintended consequences across states that result from different interpretations of curtailment rules. PJM’s approach is likely to create more problems than it solves because it fails to include a comprehensive and consistent regional approach.

PJM attempts to justify its incomplete IRAS Filing based on an incorrect statement of the Commission’s jurisdiction. States have jurisdiction over generation in their own states and over retail sales in their own states. States do not have jurisdiction over neighboring states. 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.¹²

¹² 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

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, and DCC argues (at 12–15), that because data centers are retail customers, PJM cannot require that the load serving entities (“LSEs”) who serve them place terms and conditions on service to data centers.¹³ PJM has not reconciled this position with the jurisdiction currently exercised under the Reliability Assurance Agreement (“RAA”). The RAA requires LSEs to meet their obligations, defined in the RAA, from capacity provided by generators that meet the terms and conditions of the RAA.¹⁴ LSEs are not permitted under the RAA to rely on Generation Capacity Resources that do not meet these terms and conditions regardless of state views about the capability of the facilities.¹⁵ Resources included in Fixed Resource Requirement (“FRR”) Plans under Schedule 8.1 to the RAA must also meet requirements specified in the RAA.¹⁶

PJM does not explain why it cannot propose to require terms and conditions for the capacity required to meet data center loads through the LSEs that serve them when it can and does include terms and conditions through LSEs on the capacity that can meet the reliability obligations of LSEs.

transactions—it has some effect, in either the short or the long term, on retail rates. That is of no legal consequence.”).

¹³ 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) ...”).

¹⁴ See RAA Schedules 9, et seq. & 10 (rules for PJM to evaluate capability and deliverability of Generation Resources).

¹⁵ See *id.*

¹⁶ See RAA § 7.2.

DCC objects that data centers are retail customers, and that requirements related to curtailments affect their consumption at retail.¹⁷ The IRAS Filing is not about retail power use. Any curtailments directed by PJM support the reliable operation of the wholesale market and power grid. PJM does not operate retail markets or local infrastructure. IRAS curtailments are for the sole purpose of protecting wholesale market reliability by curtailing customers that have not procured through their LSEs the necessary capacity in the wholesale market. The focus of the IRAS Filing is regional resource adequacy and the regional capacity markets. An attempt by a state to regulate such matters would unlawfully intrude on an area subject to federal jurisdiction and would be preempted.¹⁸

PJM's attempt to manufacture unneeded and inappropriate state involvement in operating the wholesale energy markets confuses rather than clarifies the jurisdictional boundaries. Allowing states to perform the role proposed in the IRAS Filing (and the allocation function in the RBP Filing)¹⁹ is, under *Hughes*, an abdication of the RTO's responsibility under federal law.²⁰

The case for federal jurisdiction is stronger in the IRAS case than it was in *EPSA*. The IRAS case concerns the consequences of the failure to procure capacity under proposed capacity market rules. The IRAS Filing should provide rules for curtailment that are a

¹⁷ See DCC at 8 ("IRAS seeks to prescribe resource procurement and curtailment requirements for retail customers within the PJM region.").

¹⁸ 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 the sole rate setting mechanism for sales of capacity to PJM, and has deemed the clearing price per se just and reasonable").

¹⁹ See RBP Order at PP 150–157.

²⁰ See *id.*

condition of taking wholesale service when the data center load has not procured capacity required for it to be served reliably. The purpose of the IRAS is to address the particular and extraordinary demands related to resource adequacy and the capacity market attributable to the rapid interconnection of data centers in the PJM Region. The Supreme Court held that the Commission has preempted state action related to the capacity market rules.²¹ Data centers are receiving wholesale sales along with the associated terms and conditions of such sales from PJM through Load Serving Entities.

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 IRAS Filing as just and reasonable. For all these reasons, PJM's approach is unjust and unreasonable. The IRAS Filing should be rejected for that reason.

C. The IRAS Filing Has Not Been Shown to be Just and Reasonable.

PJM's Answer ignores or fails to adequately address the issues raised by the Market Monitor. These issues include: PJM's failure to support its policy of interconnecting new large loads when there is not capacity to serve them; PJM's failure to include the locational constraints that are an essential feature of PJM's capacity market; PJM's failure to appropriately or consistently define the capacity that can meet the data center obligation to bring their own new capacity; PJM's unjust shifting of ELCC risk to other customers; and PJM's failure to support its definition of large load; PJM's proposal to interrupt IRAS customers who paid for capacity before demand side resources who sold capacity.

1. PJM Fails to Justify Its Failure to Recognize Locational Constraints.

Locational constraints are core to the PJM capacity market construct. PJM failed to address the concerns raised by the stakeholders about the lack of locational constraints in

²¹ See 578 U.S. 150, 163.

the RBP and IRAS Filings.²² Modeling locational constraints in the capacity market is essential. Rules that ignore and exclude locational constraints cannot ensure reliability, cannot incent investors to site new generation where it is most needed, and do not protect existing customers from the increased costs caused by data center load. The RBP and IRAS Filings do not accomplish PJM's two central stated objectives: provide reliability and protect customers from increased costs related to data centers.²³

PJM argues that locational constraints should be ignored for two reasons: PJM cannot accurately predict transmission topography 15 years into the future; and PJM's deliverability analysis at the time of unit interconnection is a substitute for the CETO/CETL analysis. Neither argument is correct or supportable.

The fact that PJM cannot accurately predict transmission topography 15 years in advance is not an excuse for ignoring the core locational feature of the capacity market. Requiring that the generation be located electrically close to the data center load would be a reasonable approach that would resolve the basic issue. PJM ignores that option.

PJM repeated the clearly incorrect and unsupported argument that the deliverability test required of all capacity resources means that "there does not need to be any locational requirement for BYONC."²⁴ If PJM's argument were correct, there would never be a need for the LDA CETO/CETL analysis. Of course, PJM conducts the CETO and CETL analysis to ensure that, for each LDA, the sum of the internal capacity in each LDA and the ability to import capacity is enough to meet the reliability criterion for each modeled LDA. PJM's

²² PPL correctly highlighted that "allowing BYONC generation to be sited anywhere on the system, without regard to its proximity to the load it offsets, will not eliminate resource adequacy risk so much as convert generation-related constraints into transmission-related constraints. See PPL Protest at 20; ODEC asked for clarification on how locational resource adequacy would be impacted given that "[PJM] appears to allow a New Large Load in one zone to be supported by BYONC located in another zone." See ODEC's Protest at 9.

²³ See IRAS Filing at 5–6.

²⁴ September 23rd Answer at 38.

assertion is simply wrong. The deliverability study does not obviate the need for the CETO/CETL local resource adequacy study as the almost 20 year history of the locational capacity market demonstrates.

Allowing data centers to contract with generation outside a constrained region reduces reliability for existing customers inside the constrained region. Under PJM's IRAS Filing, data center load could be contracted with capacity located outside the constrained LDA that cannot meet the load in the constrained LDA and would not be subject to curtailment. Higher load within the constrained region without offsetting generation within the constrained region means there may be times when there is not enough capacity to serve that load. PJM fails to state what load would be curtailed under those conditions.

Ignoring locational issues simply shifts the costs and risks of resolving the predictable consequences of meeting data center load to other customers.

The fact that PJM ignores the fundamental locational element of the PJM Capacity Market and all the resultant negative consequences means that the PJM IRAS Filing is not just and reasonable.

2. PJM Fails to Address Inconsistent Definitions of Qualifying Capacity

The Market Monitor raised concerns regarding the proposed BYONC gating criteria including the inconsistent definitions of capacity that can be used to satisfy the requirements to meet the data center load in the IRAS Filing and the RBP Filing, the proposed definition of new, allowing inferior capacity and shorter term capacity.²⁵

In the September 23rd Answer, PJM fails to address any of the concerns raised by the Market Monitor.

PJM's proposed BYONC gating criteria allow previously cleared capacity to count as new and qualify as BYONC. PJM argues at 40 that "An advantage of PJM's approach is that

²⁵ See IMM Protest at 18–20.

Capacity Resources ready to participate in RPM and commit to provide capacity are not disincentivized to do so while they wait for the BYONC marketplace to develop.” These previously cleared resources are ready to commit and provide capacity because they were already committed. While PJM states at 44 “Allowing existing Capacity Resources to contract with New Large Loads would not solve the problem that the BYONC scheme is designed to address,” the PJM IRAS Filing allows existing resources to be repackaged as new. The IRAS Filing allows previously cleared resources to qualify as BYONC but would not address the resource adequacy shortfall and would result in the shifting of risk and costs to LSEs and their customers.

PJM’s IRAS Filing violates the fundamental concept of BYONG that data centers need to bring new capacity and not remove existing capacity from the capacity market and cannibalize existing capacity resources. For that reason, the IRAS Filing is not just and reasonable.

3. PJM Unjustly Shifts Generators’ ELCC Risk to Other Customers.

PJM proposes to set a final and unchangeable ELCC value, and therefore a fixed UCAP MW, for each BYONC arrangement at the level for which the BYONC first cleared.²⁶

²⁷ The ELCC rating used to establish the initial UCAP value will be in place for up to 15 years. PJM responds (at 45) that recognizing changes in the actual ELCC values would create uncertainty in the contractual arrangement and therefore undermine the incentive to enter into such a contractual arrangement. Ignoring the uncertainty does not make it go away. The IRAS Filing will shift the risk to customers. PJM misunderstands its role. PJM’s role is not to create artificial incentives to allow the entry of data center load. If PJM

²⁶ See IMM Protest at 20.

²⁷ See IRAS Filing, Attachment A–(Marked Tariff), OATT Attachment DD-4 §§ VII(i)(i)–(ii).

continues to believe in its flawed ELCC model it should not create arbitrary and discriminatory exceptions to the ELCC rules.

Under the IRAS Filing, the BYONC generators' revenues will change with the ELCC value. However, the IRAS Filing exempts the BYONC generator and the data center from the risk of a reduced UCAP MW value and the requirement to make up any shortfall if the ELCC decreases. Under the PJM rules, neither the capacity resource nor the data center load has an obligation to cover the short position. This creates a reliability risk when the ELCC decreases and the result is a capacity shortfall. The load of the data center in the BYONC contract is no longer covered.

If the ELCC decrease is significant, PJM will need to purchase additional capacity to meet its reliability objective. Other PJM customers will pay for that additional capacity. Other PJM customers will bear the risk and the associated costs.

The fact that the IRAS Filing would arbitrarily freeze ELCC values and shift the risk of actual ELCC changes to other customers makes the IRAS proposal unjust and unreasonable.

4. PJM Fails to Support the 50 MW Threshold.

PJM did not respond to the Market Monitor's demonstration that the proposed definition could exclude significant amounts of data center load. Table 1 in the Market Monitor's Protest (at 31) shows that 28.5 percent of expected data center load is below the 50 MW threshold. Grouping by data center campus, 6.9 percent of expected data center campus load is below the 50 MW threshold. It remains unclear how much of the data center load would qualify as large load under PJM's affiliate and one mile proximity rules. PJM included the one mile rule to reduce the ability to game the rules by building a group of smaller data centers. A more efficient and precise path to this end is to simply lower the threshold.

In addition to missing a significant level of data center load, PJM's arbitrary definition of large data center load is outdated. The rapid advancements in the data center

building technology mean that new data centers are going to be increasingly prefabricated containerized computing units that can be built quickly and are scalable.^{28 29} According to market reports, small data centers that are typically 5 MW or less are expected to grow at a higher rate than the larger data centers.³⁰ These data centers are considerably smaller than the 50 MW threshold proposed by PJM.

5. PJM's One Mile Radius Criterion is Unworkable. and Unreasonable.

The PJM IRAS Filing includes the following definition of Large Load:

'Large Load' shall mean end-use customer(s) load that has a cumulative peak load of 50 megawatts or greater at a single electrical site behind one or more points of interconnection, where for configurations involving multiple affiliated load facilities or multiple points of interconnection with affiliated load facilities behind them, all affiliated load facilities within a one-mile radius will be considered a single electrical site as further described in the PJM Manuals.³¹

PJM does not provide any details regarding the implementation of the one-mile radius rule. PJM fails to explain or provide any criteria needed to uniformly and fairly

²⁸ See Fortune Business Insights, "Modular Data Center Market Size, Share & Industry Analysis," <<https://www.fortunebusinessinsights.com/industry-reports/modular-data-center-market-100504>>.

²⁹ See "The Startup That Built Open AI's Biggest Data Center Is Now Making Tiny Ones," published in Wall Street Journal, September 17, 2026. <<https://www.wsj.com/tech/ai/the-startup-that-built-openais-biggest-data-center-is-now-making-tiny-ones-71f36a4f>>.

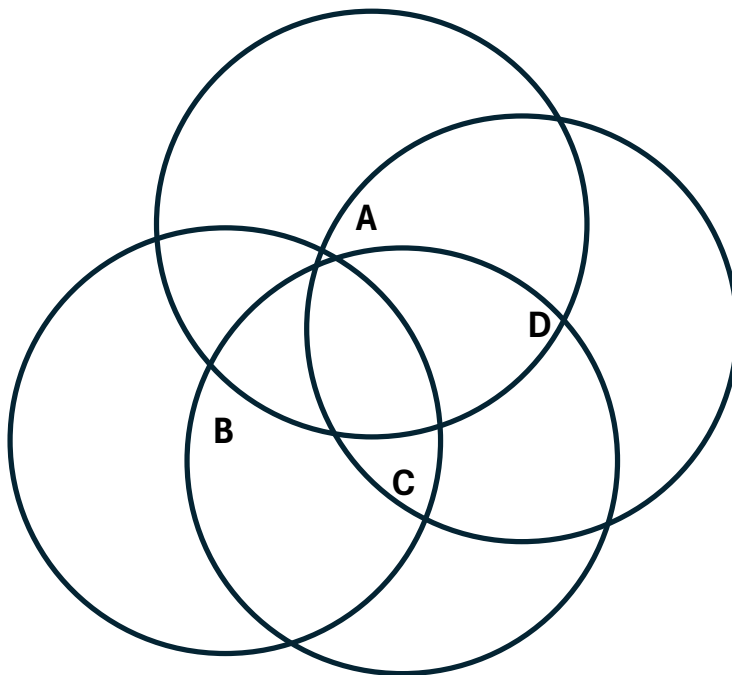
³⁰ Small data centers are expected to grow at the highest Compounded Annual Growth Rate (CAGR) during the forecast period, as they are more cost-effective to build, operate, and maintain compared to large-scale facilities. They require less initial investment in real estate, equipment, and infrastructure, making them an attractive option for businesses with limited budgets or smaller IT requirements. Small facilities typically operate below 5 megawatts and support localized or edge workloads. They offer lower capital requirements but limited scalability. This segment is often deployed in regional or distributed architectures. See Fortune Business Insights, Data Center Market Size, Share & Industry Analysis. <<https://www.fortunebusinessinsights.com/data-center-market-109851>>.

³¹ PJM IRAS Filing, Proposed RAA, Definitions—Large Load.

apply such a rule. For instance, if there are four affiliated data centers in an area as depicted in Figure 1, there are many possibilities for grouping the data centers under a one-mile radius rule. Each circle in Figure 1 represents an area with a one-mile radius centered at a data center. Data center A is within one mile of D, B is within one mile of C, C is within one mile of B and D, and D is within one mile of A and C. PJM also has not defined the term “affiliated load facilities.” Data center campuses and individual data center buildings can be populated by data centers with unaffiliated ownership but may be considered affiliated, or part of the single data center, because they are co-located on the same campus or in the same building.

A data center campus includes multiple data centers and the data centers may or may not be grouped together under PJM’s one-mile radius rule.

Figure 1 Potential groupings of five affiliated data centers under the one mile radius rule



6. PJM Has Not Demonstrated That IRAS Should Be Called Before Existing Demand Response Resources.

PJM has not provided and cannot provide a good explanation of why it is reasonable to curtail eligible New Large Loads through IRAS before deploying existing, compensated

Demand Resources that have been sold in the capacity market specifically to provide reliability service. PJM now justifies the proposed sequencing on the grounds that New Large Loads that have not brought sufficient new capacity should bear the “initial operational consequences” of their capacity shortfall, that calling Demand Resources first would weaken incentives to bring new capacity, and that greater use of Demand Resources could result in “fatigue.”³² These arguments are not consistent with the basic rules and logic of the PJM Capacity Market. In asserting these strained rationales, PJM appears to forget that these problems could be avoided by not permitting significant data center loads to interconnect without matching new generation. PJM should not create the problem in the first place. However, having created the problem, PJM should follow its logic through to the end. PJM fails to do so. For example, of course it would provide a stronger incentive to IRAS load to be curtailed before demand resources. But that is not relevant to the “logic” of IRAS load created by PJM. IRAS load is data center load without matching generation that is nonetheless required to pay for capacity. It would also create a stronger incentive to curtail IRAS load prior to shortage pricing or whenever prices exceed \$500/MWh. PJM’s argument about incentives proves too much. It does not stand the test of simple PJM capacity market logic. IRAS load pays for capacity. Demand resources supply capacity that IRAS load pays for.

PJM’s principal rationale is that Eligible New Large loads have not brought new capacity and therefore should not receive the “capacity benefit” of Demand Resources.³³ PJM ignores the salient fact that these IRAS loads are required to pay for capacity. PJM fails to explain what not bringing new generation had to do with being interrupted before demand resources that PJM has already procured, compensated, and obligated to provide reliability service. Demand Resources are Capacity Resources precisely because PJM has

³² September 23rd Answer at 31–32.

³³ *Id.* at 31.

determined that their committed load reductions can contribute to satisfying the system's resource adequacy requirement. PJM's argument is a subjective judgement that is not based on the facts of the capacity market rules and the IRAS rules proposed by PJM.

PJM's proposed framework requires an IRAS load to pay for capacity while proposing to curtail that load before calling on the Demand Resources whose sale of capacity is included in the cost of capacity.³⁴

PJM relies on its treatment of IRAS as analogous to the curtailment of non firm transmission service.³⁵ That analogy is misplaced. Non firm transmission service is non firm because the customer did not pay for firm. IRAS loads pay for capacity at the market price. It is not non firm capacity.

The September 23rd Answer also confirms an important limitation of the proposed sequencing. PJM acknowledges that its dispatchers have discretion under Manual 13 to implement emergency procedures "in whatever order is required to ensure system reliability" and to exit those procedures in a different order.³⁶ Thus, the tariff's nominal statement that the curtailment of IRAS load precedes Pre-Emergency Load Management does not establish an actual, predictable operational hierarchy. PJM should establish objective criteria to permit the Commission and market participants to understand when IRAS will actually be curtailed and when Demand Resources will be called. The current proposal does not do so. The level of uncertainty that PJM would impose on both IRAS and Demand Resources is unacceptable and inconsistent with an orderly market.

PJM's reliance on asserted Demand Resource "fatigue" illustrates the illogic of PJM's position. PJM argues that repeated calls on Demand Resources increases their opportunity costs and could reduce future participation, noting that PJM relies on 7,641 MW of Demand

³⁴ See IMM Protest at 17.

³⁵ See September 23rd Answer at 34.

³⁶ See *id.* at 33.

Resources for the 2027/2028 Delivery Year.³⁷ If Demand Resources cannot provide the reliability that they sell in the capacity market then they are not viable capacity resources. PJM does not allow for fatigue at generating units as an excuse for failure to perform.

The PJM response to Constellation is irrelevant to the question.³⁸ Both IRAS load and Demand Response load have made decisions that are in their own interests. IRAS load has to pay for capacity because it failed to bring its own new capacity. Demand Resources sell capacity because they believe it to be profitable. It is not PJM's role to ensure that the expectations of either group are met. If Demand Resources are called on more frequently as a result of the system conditions that result from PJM decisions, such resources can decide if continuing to sell capacity remains profitable.

PJM's argument here is beyond ironic. PJM's concern for native loads ignores the fact that PJM's entire RBP/IRAS construct imposes data center costs on native loads.³⁹

PJM's invocation of the Ratepayer Protection Pledge does not resolve this issue. PJM states that IRAS is consistent with the Pledge because it places the "reliability and cost burden" of a New Large Load's failure to bring new capacity on that New Large Load.⁴⁰ But the Pledge cannot substitute for a demonstration that the proposed tariff actually produces that result. If IRAS causes PJM to commit higher cost generation, maintain reserves using more expensive resources, or incur scarcity pricing before deploying an available Demand Resource, the resulting costs will be borne by existing customers even though the underlying IRAS load is the party that caused the incremental capacity requirement. The fact that the IRAS load itself is curtailed does not establish that existing

³⁷ *Id.* at 36–37.

³⁸ *See id.* at 34–37

³⁹ *See id.* at 35.

⁴⁰ *Id.* at 35.

customers are economically insulated from the consequences of that load's capacity shortfall.

PJM's approach to curtailing IRAS load is subjective and illogical and ignores the obligations and commitments created by the capacity market. For all these reasons, PJM's IRAS Filing should be rejected because it is not just and reasonable.

7. Interconnecting Large Data Center Loads Without Generation Decreases Reliability and Increases Cost to Other Consumers.

PJM makes the unsupported assertion that "calling for IRAS load reductions before pre-emergency load management" completely mitigates the resource adequacy risk of interconnecting new large loads without matching capacity and "protects native loads from the cost and reliability impacts of such new large loads."⁴¹

PJM's asserts that, from a reliability perspective, adding large data center load to the PJM system with curtailment provisions is the same as not adding large data center load or adding data center load with matching generation. PJM provides no analytical support for this claim. PJM's operational history contradicts PJM's claim. Higher levels of 8,760 hour load in PJM without matching generation, net of accounting for curtailments, increases the risk of unanticipated operational events. The higher the load, the larger the risk.

Higher capacity factors lead to a need for higher maintenance outages and a higher risk of unforced outages and more units reaching emissions limits.

Large data center loads consume energy around the clock. Existing generating units are required to run more and therefore have higher capacity factors. Higher capacity factors mean an increased frequency of maintenance outages and a higher risk of forced outages.⁴²

⁴¹ *Id.* at 31.

⁴² See Additional Large Load Challenges: Peak vs Shoulder Seasons & Gen Outage Scheduling, Presented at CFP Education Session, (October 21, 2025) <<https://www.pjm.com/-/media/DotCom/committees-groups/cfp-lla/2025/20251021/20251021-item-04---additional-large-load-challenges---pjm-presentation.pdf>>.

Many older generating units in the PJM system have high forced outage rates and low capacity factors. Prior to the introduction of ELCC based accreditation, the forced outage rates of these generators were directly reflected in their accredited UCAP values. In the ELCC based accreditation model, a generator with a high forced outage rate outside critical hours will not generally receive a lower accredited UCAP value, meaning that PJM counts on this generation as available to serve the data center load when clearing capacity auctions. Higher failure rates for these generators means reduced reliability for the PJM system and other customers.

Data Center load presents a unique operational challenge unlike dispersed traditional loads. Unlike dispersed traditional load, data center load is concentrated. If a large data center load disconnects from the PJM system, losing hundreds of MW at a single site creates substantial challenges for grid operators.⁴³ PJM has just proposed reliability standards to manage large load disconnection events. NERC and PJM are still developing effective ways to manage a grid with highly concentrated loads. PJM lacks relevant experience. The implications of highly concentrated load for reliable grid operation are not yet fully understood.⁴⁴ Allowing the interconnection of large loads without matching generation and with only curtailment provisions ignores the other reliability implications of this highly concentrated large load.

⁴³ See PJM. July 22, 2026 Dominion Load Transfer Event, presented at Operating Committee, <<https://www.pjm.com/-/media/DotCom/committees-groups/committees/oc/2026/20260806/20260806-item-05---dominion-july-loss-of-load-event---presentation.pdf>> (August 6, 2026).

⁴⁴ NERC has identified that large load ride-through and ramping characteristics are a risk to BPS reliability and that the lack of predictable ride-through performance for large loads is a reliability gap. See NERC “Draft Large Load Disturbance Performance, Impact Analysis and Ride-Through Recommendations”, (December 10, 2026) <<https://www.nerc.com/our-work/white-papers>>.

8. PJM's Proposal Will Negatively Affect Reliability.

The essential requirement for scheduling planned outages is substantially lower load during off peak seasons. Lower load outside peak summer and winter periods, typically during the shoulder months, provides an opportunity to operate the grid reliably with less available generation. PJM schedules planned maintenance outages during this period. As the load without matching generation increases in PJM, PJM operations is and will be challenged to meet higher loads with lower generation capacity due to planned outages. PJM acknowledged this important concern. During the Critical Issue Fast Path Education, PJM stated that "if load continues to increase 8,760 hours/year, and the BRA clears the IRM, either: Future generation outages may be denied/deferred to the following season to avoid emergency procedures; Not a good option - Units may then be less reliable or become an Unplanned Outages if Planned/Maintenance Outages requests are denied."⁴⁵

In addition to the scheduling of outages, when units reach their emission limits they are no longer available to meet 8,760 hour load. There are multiple generating units in PJM today that are subject to emission restrictions.⁴⁶ In some cases, the restrictions limit the total output within a rolling calendar year to only a few hours. There are other restrictions that have not been previously binding that have become binding and more will become binding as unit capacity factors increase. These emission restrictions are not considered in the resource adequacy models and capacity accreditation. Under PJM's ELCC based

⁴⁵ See Additional Large Load Challenges: Peak vs Shoulder Seasons & Gen Outage Scheduling, Presented at CIFP Education Session, October 21, 2025 Additional Large Load Challenges: Peak vs Shoulder Seasons & Gen Outage Scheduling <<https://www.pjm.com/-/media/DotCom/committees-groups/cifp-lla/2025/20251021/20251021-item-04---additional-large-load-challenges---pjm-presentation.pdf>>.

⁴⁶ The Market Monitor calculates opportunity costs for generation units subject to federal or state imposed emissions restrictions if owners request it and provide the required data. The Market Monitor calculated opportunity cost adders for 172 generators in the first six months of 2026. See *2026 Quarterly State of the Market Report for PJM: January through June*, Section 8 Environmental and Renewable Energy Regulations (August 13, 2026).

accreditation, a 100 UCAP MW capacity resource with an emission restriction is treated the same as a 100 UCAP MW capacity resource without an emission restriction. However, a 100 UCAP MW emission restricted resource cannot meet the 8,760 data center load as a result of the emission restrictions. Additional data center load without matching generation will increase capacity factors for these emission restricted, but committed, capacity resources and will eliminate their energy output after the emissions limits are reached.

As a result, adding data center loads with no matching generation will decrease reliability for the PJM system and for all other customers.

Curtailment provisions do not address these issues. PJM has failed to define curtailment rules. PJM has not explained how it could curtail highly concentrated large loads without significantly affecting reliable grid operation. Under PJM's proposal, PJM would not direct EDCs to curtail specific data center loads or use CSPs to do so. EDCs would have to determine which data center loads to curtail. However, EDCs do not have the visibility into grid conditions, transmission constraints, voltage limits, or spillover effects that are required in order to make informed curtailment decisions in order to maintain system reliability.

PJM's current resource adequacy studies would not account for lower reliability resulting from higher continuous load. PJM's resource adequacy models are not forward looking, but reflect historical resource performance. The models cannot assess PJM's resource adequacy under higher load scenarios because generator performance at higher capacity factors is not known and because PJM does not know how EDCs would handle curtailments. PJM has not explained how PJM would model the large load with curtailment in the resource adequacy simulations. PJM's assertion that adding load subject to curtailment would not decrease reliability is not supported by facts or analysis. PJM would not account for the secondary impact of higher load on maintenance and unforced outages.

PJM's assertions are not supported. Under PJM's IRAS Filing, PJM could not reliably serve PJM's organic load. For all these reasons, PJM's IRAS proposal is not just and reasonable and should be rejected.

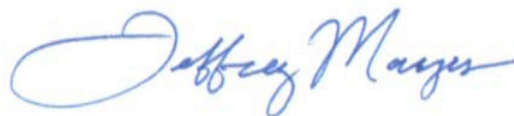
II. MOTION FOR LEAVE TO ANSWER

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.⁴⁷ 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,



Jeffrey W. Mayes

Joseph E. Bowring
Independent Market Monitor for PJM
President
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403

General Counsel
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403

⁴⁷ 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).

(610) 271-8051
joseph.bowring@monitoringanalytics.com

Paul G. Scheidecker
Senior Analyst
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050
paul.scheidecker@monitoringanalytics.com

John Hyatt
Senior Economist
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050
john.hyatt@monitoringanalytics.com

(610) 271-8053
jeffrey.mayes@monitoringanalytics.com

Alexandra Salaneck
Senior Analyst
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050
alexandra.salaneck@monitoringanalytics.com

Devendra R. Canchi
Senior Analyst
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050
devendra.canchi@monitoringanalytics.com

Dated: October 8, 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 8th day of October, 2026.



Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

2621 Van Buren Avenue, Suite 160

Eagleville, Pennsylvania 19403

(610)271-8053

jeffrey.mayes@monitoringanalytics.com