

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

PJM Interconnection, L.L.C.

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Docket No. ER26-3515-000

PROTEST OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 211 of the Commission’s Rules and Regulations¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),² submits this protest to the filing submitted by PJM Interconnection, L.L.C. (“PJM”) on August 13, 2026, proposing (at 1) “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”).³

The IRAS Filing has not been supported as just and reasonable, and it should be rejected. The IRAS Filing is unjust and unreasonable, and attempting to implement it will damage PJM markets and create unintended consequences.

There is broad agreement among policy makers, regulators, and developers, captured in the Ratepayer Protection Pledge and Principles, on the need to ensure that data

¹ 18 CFR § 385.211 (2025).

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

³ The IRAS Filing is supported by an Affidavit of Christopher Pulong (Attachment C) (“Pulong Affidavit”).

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.^{4 5} The Pledge affirms: “The Ratepayer Protection Pledge and the commitments embodied therein effectuate the national policy of the United States.” The Commission has recognized the Pledge and Principles.⁶ The Pledge and Principles should guide the development of rules to support

⁴ 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>.

⁵ 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.

⁶ 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

resource adequacy by procuring new capacity to serve data centers and ensuring that data centers pay for that capacity and that those costs are not assigned, allocated or otherwise pushed onto other customers.

The IRAS Filing does none of these things. 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.

Accordingly, in addition to rejecting the IRAS Filing as not shown to be just and reasonable, an order should issue, 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.⁷ The PJM rules do not explicitly provide a rule for curtailing service to data centers that are connected to the grid but do not have capacity either through BYONG or through an allocation of RBP MW. Upon issuing a finding that

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.”).

⁷ See 16 U.S.C. § 824e(a); *see also* Large Loads Show Cause Order at P 49 (“[W]e today exercise our authority to ensure that the process by which jurisdictional transmission providers and/or transmission owners will study the provision of jurisdictional transmission service to Eligible Customers on behalf of large loads interconnecting to the transmission system, including where, as allowed by state law or a public utility’s voluntary offer of such service, an end-use large load seeks unbundled retail transmission service, is just and reasonable and not unduly discriminatory or preferential. Pursuant to that authority, we find that PJM’s Tariff appears to be unjust and unreasonable or unduly discriminatory or preferential because it lacks sufficiently clear and consistent provisions regarding the study process related to the provision of transmission service to Eligible Customers on behalf of large loads. We need not comprehensively address the Commission’s jurisdiction over other aspects of the addition of large loads to the transmission system at this time.”).

the current rules are unjust and unreasonable, the Commission can, on the basis of the existing record, act without delay to direct PJM to immediately implement a remedy that would require LSEs hosting data centers that are interconnected without having obtained new capacity to require such data centers to contract with curtailment coordinators to provide curtailments to PJM. 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.

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

I. PROTEST

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

1. The IRAS Filing is not a Coherent Proposal.

The most fundamental point about the IRAS Filing is that, despite its claims, it does not effectively remove data center load from the VRR curve and the result of the IRAS Filing will continue to be to distort and unjustly and unreasonably inflate the prices of energy and capacity in PJM. The IRAS Filing does not follow the Pledge and Principles. In addition, the IRAS Filing treats data center load unfairly and will create further uncertainty and confusion about how the markets will actually function. PJM needs to return to the fundamental market design that worked effectively for many years until the temptation to micromanage results took precedence, starting with the Capacity Performance design. There is a manageable way to ensure that data center load is served without imposing massive costs on all customers. The Market Monitor has spelled that out in two proposals posted for the most recent CIFP process at PJM. The basic elements of the IRAS proposal are that: PJM will allow the interconnection of new data center loads with no capacity; PJM will charge these data centers for capacity; PJM will not include only these specific forecast new data center loads in the VRR curve; PJM fails to define enforceable rules for the curtailment

of these data center loads; PJM will add these new data center loads back to the VRR curve, with no requirement to bring new capacity, if the system is not short of capacity for three years; the IRAS and the Bring Your Own New Capacity (“BYONC”) rules will never again apply to these data center loads in any way if the system is not short of capacity for three years; PJM will leave in place and not address the impact of previously forecast data center load on other customers.

The IRAS Filing is inconsistent with the RBP Filing in significant ways including the obligation to bring new capacity and the definition of acceptable new capacity.⁸

PJM recognizes that New Large Loads “constitute a separate, new class of load, and are therefore appropriately subject to different treatment,” but fails to implement rules that appropriately recognize that fact.⁹

A fundamental gap in the IRAS Filing is the failure to create rules that actually impose curtailability on data center loads that interconnect with no new capacity. PJM justifies its failures on hand waving about cooperative federalism and a misunderstanding of jurisdictional rules.

The IRAS Filing creates incentives to not bring your own new capacity but to just wait until PJM acquires capacity and is no longer short. This is the exact opposite of what the design should be.

For all these reasons, the IRAS Filing is not just and reasonable and should be rejected in its entirety.

⁸ The related Reliability Backstop Procurement (“RBP”) filing is currently pending in Docket No. ER26-3880 (“RBP Filing”). The Market Monitor filed a protest on August 21, 2026, seeking rejection of the RBP Filing and the issuance of a remedial directive in that proceeding to ensure that LSEs show the data centers they serve have made arrangements to obtain new resources sufficient to serve their load reliably.

⁹ IRAS Filing at 95.

2. PJM's Arguments on Jurisdiction Are Incorrect.

PJM incorrectly relies on assertions about jurisdiction and cooperative federalism to justify the obvious flaws in the IRAS Filing. PJM asserts (at 85–93) that jurisdictional rules are the reason that PJM's IRAS Filing fails to create rules that actually impose curtailability on data center loads that interconnect with no new capacity. Instead of proposing any actual rules for curtailments and taking responsibility for reliability, PJM defers all of the curtailment related issues to the individual states with vague and unhelpful and inconsistent suggestions about what states might do, including not curtailing these loads.

PJM has not demonstrated that its proposal to leave the standard for determining curtailments and payments for curtailments to the 14 jurisdictions that comprise the PJM Region is required based on federal jurisdiction over wholesale power sales in interstate commerce. The rules for resource adequacy in a multistate region are necessarily beyond the jurisdiction of any PJM state and must be addressed at the federal level. The state by state approach proposed in the IRAS Filing will create inconsistencies, conflicts and other administrative obstacles that will burden PJM's assurance of resource adequacy in the PJM Region. The state by state approach will result in myriad unintended consequences including states unintentionally imposing costs on other states through inconsistent curtailment rules. The state by state approach is not consistent with an efficient and competitive wholesale power market. State regulation that burdens interstate commerce is not permissible.¹⁰ The IRAS Filing's failure to include coherent rules for curtailment and related competition significantly burdens interstate commerce and is a deficiency of the IRAS Filing based on a misunderstanding of jurisdiction.

¹⁰ See *Arkansas Power & Light Co. v. Federal Power Com.*, 368 F.2d 376, 384 (1966) ("state regulation of sales in interstate commerce constituted a direct burden on interstate commerce"), citing *Public Utils. Comm'n v. Attleboro Steam & Elec. Co.*, 273 U.S. 83 (1927).

The IRAS Filing continues PJM's efforts from the RBP Filing to balkanize the PJM grid into state entities rather than the interconnected market that is essential to the effective and efficient and competitive functioning of PJM markets. If states or zones wanted to be Fixed Resource Requirement ("FRR") entities solely responsible for their own reliability, they would have made that choice.¹¹ PJM's efforts to force a form of FRR obligation on states and EDCs is inappropriate, wrong and inconsistent with the basic rules of the RTO. PJM has apparently not considered the multiple unintended consequences of this effort to abandon their responsibility to grid reliability. There is no consideration or analysis of the impacts on one state's rules on another state. Under PJM's IRAS approach, one state could require curtailments while another state did not. The result would be one state imposing its costs and the associated reliability risks on other states. The result for the PJM Region would be a market rules framework for resource adequacy even less efficient and coherent than a situation where every state had an explicit FRR Plan. PJM's proper role as an RTO is to provide a coherent plan for resource adequacy for the multistate PJM Region.

PJM's references to cooperative federalism (at 2, 87–89) do not excuse the deficiencies in its proposal. PJM does not define cooperative federalism or explain how it compels or justifies the division of responsibilities in the IRAS Filing. The Commission recently explained that considerations of cooperative federalism come only after satisfaction of the fundamental requirements for the division of jurisdictional responsibility.¹² The IRAS Filing fails this test.

¹¹ See RAA Schedule 8.1.

¹² See *Midcontinent Indep. Sys. Operator, Inc.*, 191 FERC ¶ 61,157, 62082 (2025) ("[W]ith regard to cooperative federalism, Southern Regulators misconstrue *EPSA*. In *EPSA*, the Supreme Court did not rely on the Commission's provision of state veto power over the inclusion of retail customers in demand response programs in affirming that the Commission's Order No. 745 on demand response was within its jurisdiction. Instead, the Court described the veto as a "finishing blow . . . [that] removes any conceivable doubt as to [the order's] compliance with [FPA section 201(b)]'s allocation of federal and state authority." [footnote omitted] As the Commission has explained, "the Court treated the state 'veto power' in [*EPSA*] as confirming the Commission's compliance with principles

The IRAS Filing does not provide for cooperation with states, it is instead an abdication of PJM's responsibility to set and implement the terms and conditions of curtailments to ensure that curtailments protect resource adequacy in the PJM Region. If PJM determines to serve loads that it lacks adequate resources to serve and is willing to risk reliance on curtailments, PJM must take undivided responsibility for the administration of that program and the potential consequences. PJM must ensure that it will have curtailments available wherever on the regional system it needs them, and that curtailments will be implemented when PJM calls for them.

The states have an important role to play in identifying data center loads, siting data centers and the new resources that serve them and protecting affordability in their states. States could prevent the interconnection of data centers without assurance that they have brought new generation to serve their loads. Alternatives to the IRAS Filing, including the Market Monitor's proposal (Attachment A) are equally cooperative with states, but avoid assigning a role to the states that they have not asked for, that is outside of their jurisdiction and that is beyond their capability to perform.

Cooperative federalism does not justify balkanizing the PJM Region and defeating the purpose of the RTO. PJM has exclusive responsibility to ensure resource adequacy in the multistate PJM Region. PJM's proposed "Interim Resource Adequacy Service" is all about rules related to resource adequacy. The Supreme Court in *Hughes* finds that the Commission has exclusive jurisdiction over the market rules related to resource adequacy.¹³

of cooperative federalism, having already discussed at length why the Commission, regulating within the areas of its jurisdiction, was not intruding on state prerogatives."), citing *FERC v. Elec. Power Supply Ass'n*, 577 U.S. 260 (2016).

¹³ 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

The IRAS Filing revises PJM’s resource adequacy rules. While states can identify large loads and determine the allocation of costs in retail rates, PJM needs to ensure that there is a coherent resource adequacy program in the PJM Region and to administer that program efficiently and impartially. If PJM is going to permit a curtailment option, PJM must take direct steps to create clear rules governing curtailments, to establish procedures to ensure timely curtailments and verify compliance. These curtailments are terms and conditions of wholesale service, subject to FERC’s jurisdiction.

PJM’s reliance on the model for state participation in demand response (i.e. RERRAs) and its interpretation of EPSA are misplaced.¹⁴ *EPSA* confirmed federal jurisdiction over demand response even though it involves rules for participation of retail customers in the wholesale energy markets.¹⁵ Federal jurisdiction is also appropriately exercised over rules related to retail customers as they receive wholesale power service and related resource adequacy through Load Serving Entities (“LSE”) and Curtailment Service

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”).

¹⁴ See IRAS Filing at 89–92, citing *EPSA*, 577 U.S. 260 (2016).

¹⁵ See *id.* at 677–78 (“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, 135 S. Ct. 1591, 194 L. Ed. 2d 511, 523 (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.”).

Providers (“CSP”).¹⁶ PJM’s program for resource adequacy is necessary for the multistate PJM Region. Coherent administration of the resource adequacy rules is necessary.

The IRAS Filing represents bad policy choices that PJM has not shown to be compelled by any jurisdictional requirement. Workable rules consistent with the actual jurisdictional rules are available. The Market Monitor’s solution is a viable alternative that relies on the same rules and logic as the current PJM rules for resource adequacy and demand response.

B. The IRAS Filing Is Deficient, Unjust and Unreasonable.

1. The IRAS Filing Requires IRAS Load to Pay for Capacity.

Although the IRAS Filing never states this explicitly, the IRAS Filing requires that data centers that do not bring new capacity must pay for capacity through the PJM capacity market cost allocation mechanism. The IRAS Filing requires that IRAS data centers must pay for capacity even though they are added to the system when they do not bring their own new capacity and when the overall system is short of capacity and when IRAS load is not included in the VRR curve in the capacity market. New Large Loads subject to IRAS will pay the allocated capacity market cost, termed the Local Reliability Charge, which is equal to Daily UCAP Obligation times the Final Zonal Capacity Price, that all LSEs pay.¹⁷

This is the only relevant fact about IRAS payments for capacity in the IRAS Filing. In addition to assigning to the states the problem of defining curtailment rules, PJM assigns the definition and mechanics of any offsetting discounts or compensation for curtailment to the states. PJM’s vague language does not create any rules or impose any obligations. Based

¹⁶ See *id.* at 281–82 (“When FERC regulates what takes place on the wholesale market, as part of carrying out its charge to improve how that market runs, then no matter the effect on retail rates, §824(b) imposes no bar. And in setting rules for demand response, that is all FERC has done. The Commission’s Rule addresses—and addresses only—transactions occurring on the wholesale market.”).

¹⁷ See RAA Article 7, Section 7.2.

on the PJM IRAS Filing, the only thing that IRAS load can be sure of is that they will pay for capacity.

2. IRAS Load Is Not Effectively Removed from VRR Curve.

The IRAS Filing purports to remove data center load from the VRR curve along with its attendant impacts on capacity market prices that has been extensively documented by the Market Monitor.^{18 19} The IRAS Filing does not effectively remove data center load from the VRR curve. Any impact on the VRR curve is short lived.

Specifically, the IRAS Filing proposes to remove New Large Load without RBP Allocation or without BYONC from the RTO and LDA VRR Curves. PJM's proposal introduced two new terms: Excluded RTO New Large Load Amount and Excluded LDA New Large Load Amount. PJM defined Excluded RTO New Large Load Amount as the UCAP equivalent of forecasted New Large Load for the delivery year, minus the New Large Load included in the 2028/2029 Delivery Year, minus New Large Load contracted with BYONC or assigned Allocated RBP UCAP MW.²⁰ PJM defined Excluded LDA New Large Load Amount as the UCAP equivalent of forecasted New Large Load for the delivery year, minus the New Large Load included in the 2028/2029 Delivery Year, minus New Large Load contracted with BYONC located within the LDA or assigned Allocated RBP UCAP MW within the LDA.²¹

PJM argued that removing such New Large Loads is consistent with the Ratepayers Protection Pledge and would lower capacity market clearing prices for PJM customers.

¹⁸¹⁸ See Monitoring Analytics, LLC "Analysis of the 2027/2028 RPM Base Residual Auction – Part A," (January 5, 2026).

¹⁹ See 2026 *Quarterly State of the Market Report for PJM: January through June*, Section 1 Introduction (August 13, 2026).

²⁰ IRAS Filing at 112.

²¹ Id. at 112.

PJM's proposal has very limited scope and would do very little to lower the prices for PJM organic customers.

PJM fails to address the ongoing impact of the previously forecast data center load that inflated capacity market prices. PJM simply leaves that previously forecast data center load in the VRR curve despite its distortionary effects. In addition, the IRAS load returns to the VRR curve after three consecutive years of no shortfall. A shortfall should not be the trigger for excluding data center load from the VRR curve. Using a shortfall as the trigger will continue to distort prices and to impose data center costs on other customers. Allowing IRAS load to be served with no obligation to bring their own new capacity will also inflate energy prices as New Large Loads are added with no corresponding energy supply. The IRAS Filing also provides a strong incentive to not bring new capacity and to simply wait for the IRAS condition to terminate well before the 10 year BYONC obligation.

The starting point of PJM's IRAS Filing is to consider only the forecasted incremental increase in the New Large Load for the future delivery years from the forecasted large load included in the 2028/2029 Delivery Year. The 2028/2029 BRA cleared with a 6,831.3 UCAP MW shortfall. Under PJM's proposal, the VRR curves for the future delivery years would continue to include the forecasted New Large Load for the 2028/2029 Delivery Year including the large loads that were allowed to be interconnected to PJM's grid with no offsetting capacity. These New Large Loads have substantially increased the cost of capacity to PJM customers and under PJM's IRAS proposal, they would continue to impose this cost.²²

²² The addition of data center load has resulted in adding \$29.4 billion to the cost of capacity. *See 2026 Quarterly State of the Market Report for PJM: January through June*, Section 1 Introduction (August 13, 2026).

3. Failure to Require Locational Matching of IRAS Load and Offsetting Capacity Will Create Significant Unintended Consequences.

Under the proposed IRAS rules, New Large Loads would be allowed to avoid potential curtailment if the New Large Load contracts with new generation (BYONC). There is no requirement that this generation be located within the same LDA. For example, a New Large Load located in the DPL-SOUTH LDA would be allowed to avoid curtailment if the New Large Load contracts with BYONC in the COMED LDA. If the DPL-SOUTH LDA is a constrained LDA, meaning that there is a lack of sufficient transmission capacity to import capacity from outside the LDA, the contracted BYONC would not be able to meet the reliability needs of the DPL-SOUTH LDA. Under PJM's proposed rules, the New Large Load would nonetheless be exempt from curtailment and treated like any other organic load in the DPL-SOUTH LDA.

Under the PJM's proposed IRAS rules, the New Large Load would be removed from the VRR curve of the LDA even if the contracted BYONC is located outside the LDA.²³ In the example where the New Large Load located in the DPL SOUTH LDA contracts with BYONC in the COMED LDA, the VRR Curve of the DPL SOUTH LDA would be reduced. This reduction directly contradicts the fact that DPL-SOUTH LDA is less reliable as a result of the addition of data center load that is exempt from curtailment without any matching increase in supply.

4. PJM Fails to Explain How IRAS load Will Be Removed from LDA VRR Curves.

PJM calculates each modeled LDA's reliability requirement based on CETO/CETL analysis. The need for capacity in each LDA is defined by the VRR curve for each LDA. The

²³ Excluded LDA New Large Load Amounts include incremental large load minus "the total MW quantity of New Large Load that is added on or after the 2029/2030 Delivery Year and is (i) in an arrangement with BYONC in the Locational Deliverability Area or (ii) assigned Allocated RBP UCAP MW in Locational Deliverability Area." See Attachment A, Definitions E-F.

need for capacity in each LDA is met by a combination of internal capacity and imported capacity from elsewhere in PJM. Capacity Emergency Transfer Objective (“CETO”) is the amount of imports required by an LDA to meet the LDA’s reliability criterion of one loss of load event in every 25 years or equivalent unserved energy. The reliability requirement of an LDA is calculated as the sum of CETO and the UCAP MW of resources located within the LDA. Under PJM’s IRAS Filing, New Large Loads without BYONC or RBP allocation within the LDA would have to be removed from the LDA’s VRR Curve in addition to the RTO VRR curve. PJM proposes to use an estimated impact factor to convert the large load MW to CETO equivalent UCAP MW. PJM did not provide any details on how this impact factor would be estimated.

To calculate the CETO of an LDA, PJM simulates the availability of resources within the LDA and load scenarios within the LDA, similar to the RTO wide resource adequacy simulation.²⁴ In every iteration, PJM calculates the amount of capacity required to be imported from outside the LDA to meet the load. CETO is the amount of capacity that probabilistically satisfies the LDA’s reliability criterion.

The CETO without the New Large Load subject to curtailment included in the load scenarios would be different from the CETO calculated by PJM with New Large Load and potentially very different. PJM approximates the magnitude of this difference through the estimated impact factor for which PJM did not provide any details.²⁵ PJM asks the Commission to make an important determination that will affect capacity market clearing prices without providing an actual detailed proposal to evaluate. The Commission should reject the PJM IRAS Filing for this and other significant flaws that make effective review impossible.

²⁴ See PJM Manual 20A: Resource Adequacy Analysis, § 3 Capacity Emergency Transfer Objective (CETO) Study, Rev. 39, (June 24, 2026).

²⁵ IRAS Filing at 114.

5. The Trigger for IRAS Unjustly Imposes Costs on Other Customers.

PJM's proposed IRAS rules are triggered by the existence of a capacity shortfall, meaning that the capacity procured in the capacity auction is not adequate to meet the reliability requirement. If there is a shortfall in a delivery year, the MW of New Large Load without BYONC would be designated as IRAS. New Large Load without BYONC by the defined deadline would be excluded from the VRR curve for that capacity auction.

If the IRAS load is less than the shortfall, there would be no impact on the capacity market price and that price would remain at the maximum price. If the IRAS load is greater than the shortfall, the capacity market price would be lower than the maximum price.²⁶

The PJM IRAS approach would reduce capacity payments by other customers both if the price remains at the maximum and if the price is below the maximum. IRAS load would be required to pay for capacity through the capacity cost allocation mechanism and those payments will reduce the capacity payments by other load by the amount of the IRAS MW (adjusted by the Final Zonal RPM Scaling Factor) multiplied by the zonal capacity price.^{27 28}

The PJM IRAS approach is very different than simply removing Eligible New Large Load Amount from the VRR curve. The IRAS rules apply only when there is a shortfall in the capacity market. If there is no shortfall for three years, all of the designated IRAS load is permanently converted to being load like existing organic load and is then treated like any other load and included in the VRR curve. In that case, New Large Load without BYONC will be included in the VRR curve and will unjustly increase the price for other customers

²⁶ This comparison is approximate. The actual quantity would be greater than the shortfall, using the VRR curve based on the Agreement between Governor Shapiro of Pennsylvania and PJM (See Docket Nos. ER25-1357-000 and ER26-1556-000.) For example, in the 2028/2029 BRA, the shortfall was 6,831.3 MW. A leftward shift of the VRR curve by 8,385.3 MW would have reduced the clearing price below the VRR maximum price at point A.

²⁷ See RAA Article 7.2 & Schedule 8.

²⁸ See OATT Attachment DD § 5.14(e)&(f).

as a result. The effect will be to inflate capacity market prices as long as there is significant New Large Load with no new capacity and there is not a shortfall. A new going forward IRAS designation would be implemented if the capacity market has a shortfall in a future year that applies only to New Large Load included in the forecast for the first time, at that point in the future.

PJM should not include New Large Load in the VRR curve, regardless of shortfall conditions, unless it has new matching capacity to ensure that there is no impact on prices for other customers. PJM's IRAS approach will continue to permit New Large Load with no new capacity to inflate capacity market prices for other customers when the IRAS status is canceled after PJM is no longer short. The use of shortfall as a trigger for excluding non capacity backed New Large Load from the VRR curve misses the point. New Large Load with no new capacity can affect capacity market prices regardless of whether PJM is short, as the Market Monitor demonstrated for the 2025/2026 BRA.²⁹

In addition, after the IRAS status is terminated after three years, any new capacity that had been brought in order to be exempt from IRAS status is now considered to be available to export or to serve other new load and is no longer required to serve the New Large Load that it was linked to. Not only is the IRAS load now considered to be organic load, but the capacity IRAS load brought in order to be exempt from IRAS rules is no longer considered to be required to serve that load. The PJM IRAS Filing would increase load and reduce supply after the three year period.

6. It Is Not Just and Reasonable to Curtail IRAS Load Before Demand Response Capacity Resources.

PJM proposes that IRAS curtailments occur before deployment of Pre-Emergency Load Management. PJM's rationale is that New Large Load should be the first curtailed

²⁹ See Monitoring Analytics, LLC "Analysis of the 2025/2026 RPM Base Residual Auction – Part G Revised," (June 3, 2025).

because it has not provided the capacity needed to support its demand and should not be able to simply rely on existing system resources. This argument is made without apparent irony despite the fact that PJM is proposing to allow IRAS load without corresponding capacity, to leave IRAS load out of the VRR curve, and to require IRAS load to pay for capacity. In PJM's convoluted and unworkable IRAS proposal, IRAS load pays for capacity that actually includes payments to Pre-Emergency Load Management resources, yet is curtailed before those same Pre-Emergency Load Management resources. Pre-Emergency Load Management resources are paid to curtail following rules in the PJM tariff. Despite much ultimately meaningless discussion of compensation for IRAS load, the proposed PJM tariff in the IRAS Filing provides for no compensation to IRAS load for being curtailable. PJM has the order of curtailment backwards based on its own proposed tariff language. PJM has not actually provided a supportable reason to justify giving IRAS priority over existing compensated Demand Resources. If IRAS is triggered under conditions in which existing Demand Resources could have provided the necessary reliability service, the proposal effectively substitutes a new nonmarket curtailment mechanism for an existing reliability resource and shifts the associated economic consequences to other customers. PJM fails to establish clear and objective criteria governing when IRAS may be triggered. The proposed vague and unenforceable triggering conditions for IRAS would require PJM first to exhaust available economic supply needed to maintain operating reserves, requiring the dispatch of increasingly costly resources and thereby increasing energy costs borne by existing customers before IRAS reductions are deployed. This sequencing would result in higher energy costs for existing customers, particularly where deploying existing Demand Resources would be less costly than dispatching additional higher cost generation to preserve reserves prior to curtailing IRAS load. PJM's proposed sequencing is unenforceable because it is intentionally not specific. The proposed sequencing does not establish a fixed operating hierarchy. Although PJM proposes that IRAS curtailments occur before Pre-Emergency Load Management, PJM system operators retain discretion to implement emergency procedures in whatever order is necessary to maintain system

reliability. Likewise, operators may exit emergency procedures in an order different from the order in which they were implemented. Consequently, the nominal sequencing of IRAS ahead of Pre-Emergency Load Management does not necessarily establish the actual operational priority of the two resources during the reliability event. This lack of actual operational rules further underscores the need for PJM to define the IRAS trigger and operating criteria with sufficient specificity to permit meaningful evaluation of the proposal's reliability and economic consequences. Without such safeguards, IRAS will displace existing Demand Resources when demand response is available and effective, while imposing higher energy and scarcity costs on existing customers. PJM has not demonstrated that this outcome is consistent with the stated objective of protecting existing ratepayers from the reliability and economic consequences associated with the New Large Load.

7. IRAS Filing Proposal Unjustly Allows Data Centers to Rely on Existing Capacity and Make the System Less Reliable for Other Customers.

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 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 RPB offset option. The IRAS Filing creates strong incentives to provide inferior and shorter term capacity. The IRAS Filing creates strong incentives to claim capacity that is not actually new capacity to meet data center demand.

While PJM claims that the BYONC gating criteria “are designed to ensure the capacity is actually new and not repackaged,” the proposed BYONC gating criteria allow exactly this repackaging of existing resources as new.³⁰ The criteria for qualifying to be BYONC are defined in the PJM proposed Tariff in the IRAS Filing, Attachment DD-4,

³⁰ IRAS Filing at 23.

section VI. PJM's proposed criteria include uprates; Demand Resources; DER aggregation resources; capacity that cleared an RPM auction for the first time in the 2027/2028 through the 2029/2030 Delivery Years; and capacity that cleared an RPM auction for the first time starting in the delivery year in which a shortfall exists after IRAS rules apply again following a period of surplus. The goal should be to support new generation and to prevent gaming of the rules by reclassifying existing capacity resources as new. The definition should ensure that all cleared capacity represents investment in new physical supply rather than redefining existing resources. PJM's proposed criteria fail to do this.

PJM fails to explain why capacity that previously cleared should count as new and qualify as BYONC. For example, suppose a 100 MW new resource cleared for the first time in the 2028/2029 BRA. The 2028/2029 BRA cleared 6,831.3 MW UCAP short of the reliability requirement. If this 100 MW resource is then contracted as BYONC for the 2029/2030 Delivery Year and the New Large Load of 100 MW is included in the VRR curve, then the 2029/2030 Delivery Year would be 100 MW shorter, all else equal. In other words, the reliability requirement would increase by the 100 MW of New Large Load, and the supply would remain the same. The PJM proposal results in shifting the risk and costs to other LSEs and their customers compared to the case where the 100 MW resource were actually new. The result of PJM's proposal would be to make PJM less reliable as a result of allowing data center load to cannibalize existing capacity.

The term of the BYONC arrangement could terminate after three consecutive delivery years without a shortfall. While the proposed Tariff Attachment DD-4 Section VIII(b) states that "BYONC may not seek an exception to the capacity must-offer requirement to provide an external sale, as available under Tariff, Attachment DD, section 6.6(g) for a 10-year period starting with the first Delivery Year which the BYONC is in an arrangement with the New Large Load," the proposed Tariff Attachment DD-4 Section VIII(f) also states that if a shortfall does not exist for three consecutive delivery years, "then any existing BYONC are relieved of the obligations under this Tariff, Attachment DD-4, section VIII." As PJM explains in the Transmittal Letter at 58, "BYONC RPM participation

requirements are extinguished if IRAS is not needed for three consecutive Delivery Years,” and that “they would be they would be free to meet the requirements for an exception based on an external sale.” Therefore, a BYONC resource could export its capacity after three years. PJM claims that the 10-year participation requirement is “designed to ensure that this BYONC is real and lasting.”³¹ However, limiting the BYONC obligations to three years does not support a lasting solution to the resource adequacy issues.

The Accredited UCAP for BYONC would be set at the value for the RPM auction in which the BYONC resource cleared for the initial delivery year.³² If the actual accredited UCAP factor decreases during the term of the BYONC commitment, the result is shifting the ELCC accreditation risk from resource owners to LSEs and their customers.

8. The IRAS Filing Unjustly and Unreasonably Imposes Capacity Accreditation Risk on Other Customers.

PJM proposes that BYONC capacity be guaranteed the current ELCC derating percentage despite the fact that PJM knows that will produce an incorrect result and assign risk to others in the PJM markets. It is unjust and unreasonable to protect new generation from ELCC risk if PJM actually continues to believe that their ELCC approach should continue to be used.³³ This provision would fix the accredited UCAP value for up to 15 years so that it would reflect PJM’s calculation of the correct ELCC values for the technologies.

As an illustration of how wrong PJM’s proposed fixed ELCC values actually are, PJM recently posted preliminary ELCC ratings for the 2028/2029 through 2042/2043

³¹ IRAS Filing at 56.

³² *Id.*, PJM proposed Tariff, Attachment DD-4, Sections VII(i)(i)–(ii).

³³ PJM proposes that “the Accredited UCAP of any BYONC shall be the Accredited UCAP for the RPM Auction in which the BYONC cleared for the initial Delivery Year the BYONC is in an arrangement with the New Large Load [fn. Filing, Attachment A – Market Tariff, Attachment DD-4 VIII (i)] .”

Delivery Years.³⁴ PJM states that the preliminary ratings for the 2030/2031 through 2042/2043 Delivery Years “are non-binding and are provided only for indicative purposes.” PJM calls the ratings “preliminary and indicative” yet RBP sellers are allowed to offer UCAP using an ELCC class rating as high as “120% of the resource type’s most recent maximum Preliminary ELCC Class Ratings for 2028/2029 through the last posted Delivery Year.”³⁵

Figure 1, Figure 2, and Figure 3 below show the ELCC ratings for selected technologies, beginning with current ELCC ratings for 2026/2027, the already posted ELCC ratings for the 2027/2028 BRA and 2028/2029 BRA, and the preliminary ratings for the 2030/2031 through 2042/2043 Delivery Years ³⁶.

³⁴ Preliminary ELCC Class Ratings for Period DY28-DY42, PJM Interconnection, L.L.C. (August 31, 2026). <<https://www.pjm.com/-/media/DotCom/committees-groups/cifp-rbp/postings/preliminary-elcc-class-ratings-for-period-dy28-dy42.pdf>>.

³⁵ See RBP Filing, Attachment A (Marked Tariff), Attachment DD § 18.5(e)(i).

³⁶ See Preliminary ELCC Class Ratings for Period DY28-DY42, PJM Interconnection, L.L.C. (August 31, 2026) <<https://www.pjm.com/-/media/DotCom/committees-groups/cifp-rbp/postings/preliminary-elcc-class-ratings-for-period-dy28-dy42.pdf>>.

Figure 1 ELCC Ratings for Intermittent Resources

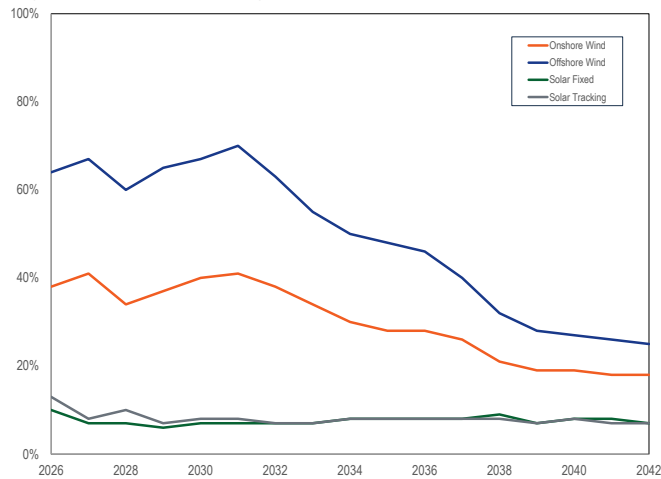


Figure 2 ELCC Ratings for Demand Response and Storage

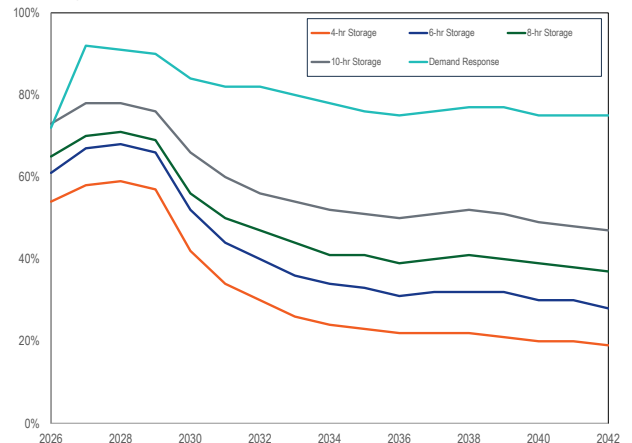
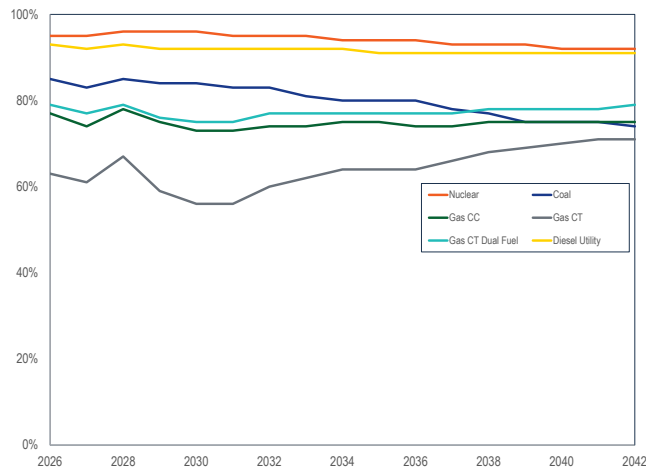


Figure 3 ELCC Ratings for Nuclear and Fossil Fuel Resources



The ratings for intermittent, storage and Demand Resources all decrease over the period. The ratings for nuclear, coal and diesel generators decrease over the period. The ratings for the three gas generator technologies decrease over the first few delivery years and then increase. Regardless of the technology, fixing the accredited UCAP at a single value over the period will misrepresent the actual UCAP. The discrepancies manifest in two ways. The supply offers will not reflect an accurate UCAP value. The resultant UCAP value could overstate or understate the actual capacity. As a result, PJM will overstate or understate reliability and fail to purchase the required level of capacity. The auction parameters will also be affected. The pool-wide accredited UCAP factor, used to calculate

the reliability requirement, is the ratio of the sum of all accredited UCAP for capacity resources to the sum of corresponding ICAP values. For a BYONC resource, PJM does not explain whether they will use the incorrect UCAP that results from the fixed ELCC values or make customers pay for the difference.

It is also not clear how this provision interacts with the MW offered for sale in the Reliability Backstop Procurement (RBP). RBP Sellers are allowed to offer UCAP using an ELCC class rating as high as “120% of the resource type’s most recent maximum Preliminary ELCC Class Ratings for 2028/2029 through the last posted Delivery Year.”³⁷ This will misrepresent the accredited UCAP calculations going forward. For example, a gas CT resource’s maximum ELCC rating of 71 percent occurs in the final two years of the PJM preliminary ratings, 2041/2042 and 2042/2043 Delivery Years. If the generator’s installed capacity is 100 MW, the RBP seller can offer 85.2 MW into the RBP. If the generator’s initial RPM clearing occurs in the 2030/2031 Delivery Year, its accredited UCAP, assuming a performance adjustment factor of 1.0, is 56.0 MW, a reduction of 29.2 MW, or 34 percent. PJM does not clarify whether this means that a New Large Load in an “arrangement” with the gas CT is subject to curtailment under IRAS for the 29.2 MW difference.

9. The Fact That IRAS Curtailment Rules Are Unenforceable Suggestions Means that the Entire IRAS mechanism Cannot Work and Is Not Just and Reasonable.

PJM’s proposal improperly defers to the states and EDCs the critical determinations of which customers will be subject to IRAS curtailment, which customers will receive compensation for such curtailments, the level of such compensation if any, and which customers will ultimately bear the associated costs. These determinations are central to the economic incentives and reliability consequences of IRAS and should not be left to state discretion. PJM should instead establish clear, objective, and nondiscriminatory rules

³⁷ RBP Filing, Attachment A (Marked Tariff Records), Attachment DD § 18.5(e)(i).

governing the application and economic consequences of IRAS throughout the PJM footprint. Leaving these determinations to the states will produce materially inconsistent treatment of similarly situated New Large Loads across PJM.

PJM fails to include any enforceable curtailment rules for IRAS load despite the essential and required link between the load that is interconnected without matching new capacity and the need to curtail that load to ensure reliability.

Under the IRAS Filing, PJM would provide a single aggregate MWh curtailment quantity to an EDC rather than identify the individual New Large Loads that must curtail. EDCs are expected to reduce load by this MWh quantity. The EDC, consistent with applicable state processes, would determine which customers provide the reduction. EDCs are not required to implement the request in any specific way and are not required to curtail the IRAS load that is the source of the issue. The IRAS Filing proposes to delegate the distribution of this MWh quantity among the constituent LSEs to the individual EDCs, and those LSEs may subsequently need to distribute the MWh quantity down to individual large loads.

The Pulong Affidavit states (at 9):

PJM will not direct specific New Large Loads to reduce load, even though Electric Distributors—in coordination, where applicable, with relevant states, Load Serving Entities, and New Large Loads—may issue more specific directives to specific retail customers. PJM will only direct load reduction of an aggregate MW IRAS within the zone or area.

The resulting MWh quantity reduction may not satisfy PJM's objective. PJM operators would have to make assumptions on how EDCs would pass on this directive to their constituent LSEs. As a result, PJM operators cannot rely on expectations of specific locational curtailments when PJM issues a curtailment directive.

The IRAS Filing's approach is unworkable for locational issues and specifically the control of Interconnection Reliability Operating Limits ("IROL") conditions because the effectiveness of a load reduction depends not only on the amount of load curtailed, but also

on its electrical location relative to the constrained facility or interface. The IRAS Filing fails to provide any mechanism to ensure that the load reductions selected through the state or EDC processes will provide the specific transmission relief required to address an IROL or other locational reliability constraint. Under the IRAS Filing, PJM should not count IRAS as a reliability resource for locational issues including an IROL condition. PJM will not have the ability or the authority to ensure that the resulting reductions are locationally effective, measurable, and capable of being delivered when needed. This concern is heightened because PJM proposes to deploy IRAS before Pre-Emergency Load Management.

The exact load to be curtailed matters to PJM operators especially when curtailable IRAS load is used to control power flows on IROL interfaces. For example, consider the overloading of the AP SOUTH IROL Reactive Interface. Suppose PJM needs 90 MWh relief for this IROL constraint from Dominion EDC. For simplicity, suppose there are only two New Large Loads in Dominion EDC. New Large Load A located in the LSE I has 50 percent distribution factor (DFAX-I) to the IROL interface and New Large Load B located in LSE II has 25 percent distribution factor (DFAX-II) to the IROL interface. If PJM anticipated that Dominion EDC would request LSE-I and LSE-II to reduce by the identical MWh amount, the directive issued to Dominion EDC would have specified a 240 MWh reduction.³⁸ But, if the Dominion EDC actually requested LSE I to reduce 60 MWh and LSE II to reduce the

³⁸ PJM needs to calculate the expected relief to the IROL constraint. The relief would depend on the distribution factors (DFAX) of the New Large Loads to the constraint. In this context, DFAX is the MWh quantity of the relief to the constraint for every 1 MWh of load reduction. In the example where PJM assumes same MWh quantity of load reduction from both LSEs, PJM's problem is to find a solution to the equation: $0.5 \cdot \text{DFAX-I} \cdot (\text{Aggregate Load Reduction}) + 0.5 \cdot \text{DFAX-II} \cdot (\text{Aggregate Load Reduction}) = 90 \text{ MWh}$. DFAX-I (0.5) represents the relief per 1 MWh of reduction from the large load located in LSE I and DFAX-II (0.25) represents the relief per 1 MWh of reduction from large load located in LSE II. The solution is 240 MWh. Both LSE I and LSE II would reduce their load by 120 MWh. Under this assumption, LSE I would provide 60 MWh ($120 \cdot 0.5$) of relief and LSE II would provide 30 MWh ($120 \cdot 0.25$) of relief.

remaining 180 MWh, the total relief received by PJM would be 75 MWh ($60 \times 0.5 + 180 \times 0.25$), or 15 MWh below the needed relief.

The magnitude of this discrepancy would only increase with the size of the EDC and the number of large loads located within the EDC. To further complicate PJM's operational decision making, if the directive to issue aggregate load reductions includes multiple EDCs and if there were multiple ways to achieve the same reduction, it is unclear which criteria would be used to fairly allocate load reduction MWh. In addition, PJM did not describe how the operators would account for possible noncompliance or delayed response from LSEs or the large loads.

It is essential to have clear, transparent rules and performance measurement for curtailability because PJM is relying on curtailments to maintain reliability under stressed conditions. PJM does not define compliance with the load reduction directive. PJM does not specify the time needed for the entities to achieve the directed load reduction. PJM also does not acknowledge the possibility of noncompliance or delayed response.

PJM's complete failure to specify curtailment rules will create unintended consequences for reliability and for costs to other customers. The consequences can range from high scarcity prices or violated transmission constraints to invoking emergency actions. Customers will ultimately bear the burden.

PJM's IRAS Filing will force other customers to bear economic and reliability consequences that should be borne by the IRAS loads directly. PJM's IRAS Filing fails to assign the costs and risks to the New Large Loads that are responsible for creating those costs and risks. Under the PJM proposal, existing customers could be required to pay compensation to IRAS data centers for curtailments or be curtailed rather than curtailing the New Large Load that created the problem. PJM's IRAS Filing fails to create the required connection between the costs and risks imposed by New Large Load and the payment for those costs and risks. This result is not consistent with the Ratepayer Protection Pledge.

The problem is even broader. If the identity of the customers curtailed and compensated and the level of compensation vary based on the existence or absence of

separate state rules, the actual impact of IRAS on PJM's markets will vary across the system. This will erode the linkage between PJM's IRAS rules and their impact on energy, capacity, and scarcity outcomes, including during emergency conditions. PJM's IRAS Filing pretends to establish a market wide reliability mechanism while leaving the fundamental economic and operational consequences of that mechanism to an unknown range of divergent state decisions.

The Commission should require PJM to establish tariff provisions that ensure that the economic and reliability consequences of IRAS are born solely by the New Large Loads whose incremental demand creates the need for the service.

10. Telemetry and Performance Measurement Should Be Required.

The Commission should require PJM to distinguish between providing telemetry information as part of the Large Load Registry and establishing a PJM telemetry requirement for the operation and measurement of an IRAS reduction. The former provides PJM with information about a New Large Load. It does not by itself establish that PJM will receive real-time telemetry sufficient to monitor the load during an IRAS event, or to determine whether the required reduction action actually occurred. This distinction is important because PJM proposes to rely on IRAS reductions as a reliability resource in aggregate and to control flows on IROL constraints, and to deploy IRAS generally before Pre-Emergency Load Management. PJM must be able to determine accurately how much load actually responded to an IRAS instruction and whether the reduction was attributable to that instruction. PJM should therefore require mandatory real time telemetry and performance measurement for loads subject to IRAS, sufficient to verify the actual MW reduction delivered in response to an IRAS Action. Absent such requirements, PJM would be unable to verify that IRAS produced the MW reduction on which its reliability assessment and any associated compensation depend.

The Market Monitor recommends that the Commission require PJM to supplement the New Large Load Registry's telemetry information with mandatory, enforceable, real-

time telemetry and performance measurement requirements applicable to all loads providing IRAS reductions. This is particularly important if IRAS reductions are to be treated as an operational reliability resource rather than merely as a forecasted or administrative load adjustment.

11. PJM's IRAS Filing Undermines the Incentive to Bring New Capacity.

PJM has not demonstrated that the proposed compensation framework for IRAS provides appropriate incentives for New Large Loads to obtain actual capacity rather than rely on curtailment as an alternative. PJM proposes to compensate IRAS reductions at 50 percent of the Non-Performance Charge Rate for Performance Assessment Intervals ("PAIs") while also providing that IRAS performance is not subject to nonperformance penalties. PJM does not, however, provide sufficient analysis demonstrating that this combination of compensation and performance consequences will incent a New Large Load to prefer bringing new capacity over relying on IRAS. The economic comparison is central to whether the proposal is just and reasonable. A New Large Load that can avoid procuring capacity by accepting the possibility of IRAS curtailment will compare the cost of obtaining capacity with the expected cost of being curtailed. If the expected frequency and duration of IRAS events are sufficiently low, and the consequences of nonperformance are limited because no nonperformance penalty applies, IRAS becomes an economically attractive substitute for procuring actual capacity. In that circumstance the proposed framework undermines PJM's stated objective that New Large Loads bear responsibility for the incremental capacity requirements associated with their demand.³⁹ PJM must be required to quantitatively justify the proposed 50 percent compensation rate and absence of nonperformance penalties as providing sufficient economic incentive to bring new capacity. Absent such an analysis, PJM fails to demonstrate that IRAS will function as a reliability

³⁹ IRAS Filing at 4–5.

backstop rather than as a lower cost substitute for capacity. The Commission must require PJM to establish that the compensation and performance framework is calibrated so that reliance on IRAS is materially less attractive than securing the capacity necessary to support the new load.

The IRAS compensation framework should be structured to provide a sufficiently strong economic incentive for New Large Loads to procure qualifying capacity rather than rely on IRAS curtailments as a lower cost alternative. The compensation and associated curtailment consequences should reflect the full economic value and reliability cost of the capacity obligation being avoided, be sufficiently predictable to allow a New Large Load to compare the expected cost of IRAS exposure with the cost of procuring capacity, and increase appropriately with the frequency, duration or magnitude of IRAS curtailments. The framework should also ensure that a load cannot obtain an economic advantage by accepting IRAS in lieu of procuring capacity while shifting the resulting energy and reliability costs to existing customers in violation of the Pledge and Principles. PJM must demonstrate that the expected cost of IRAS participation is high enough, relative to the cost of qualifying capacity, to provide a meaningful incentive for New Large Loads to procure capacity and that the compensation does not create an economically attractive substitute for the capacity obligation.

12. PJM's Data Center Size Definition is Not Just and Reasonable.

PJM's 50 MW data center size cut off is too small and will exclude a significant number of data centers. PJM fails to provide any actual factual support for its definition of New Large Loads in the IRAS Filing:

'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.⁴⁰

PJM argues that the definition is “in line with” the Commission’s Show Cause Order on Large Loads.^{41 42} The order states that “it appears that it would be reasonable to define a large load as a new, commercial or industrial customer, located at a single site behind one or more points of interconnection, and that has a peak load of 50 MW or greater, interconnects to the transmission system at a voltage level of greater than 69 [kilovolts (“kV”)], and is not part of a co-location arrangement.”⁴³

The one-mile radius requirement in PJM Large Load definition “is intended to avoid a scenario where, for example, a data center owner is not categorized as Large Load simply because the owner has elected to site a number of smaller data centers, each with peak loads below 50 MW, close together.”⁴⁴ PJM notes that the “Commission has explicitly adopted a one-mile test in other situations to determine whether facilities are “at the same site” to be a Qualifying Facility.”⁴⁵

PJM does not provide any details regarding the implementation of the one-mile radius rule. There would need to be some kind of optimizing criteria to uniformly and fairly apply such a rule. For instance if there are five affiliated data centers in an area, there are many possibilities for grouping the data centers under a one-mile radius rule.

⁴⁰ IRAS Filing, Attachment A (Market Tariff) RAA Art. 1.

⁴¹ IRAS Filing at 31.

⁴² See 195 FERC ¶ 61,211 at P 58.

⁴³ *Id.*

⁴⁴ IRAS Filing at 33.

⁴⁵ *Id.*

Table 1 shows the number of data centers and expected peak load by size for data centers that are expected to be operating in PJM by June 1, 2031. The table includes individual data centers and data center campuses. A data center campus includes multiple data centers and the data centers may or may not grouped together under PJM's one-mile radius rule. PJM's size cut off of 50 MW will exclude a significant number of data centers.

Table 1 Embedded and Forecast Data Centers in the PJM Footprint^{46 47}

	Data Centers		Data Center Campuses	
	Counts	Total MW	Counts	Total MW
Peak Load Less than 10 MW	286	1,030.1	193	551.3
Peak Load Greater than or equal to 10 MW, Less than 50 MW	876	25,724.8	230	5,927.7
Peak Load Greater than or equal to 50 MW	743	67,161.4	360	87,437.3
Total Peak Load	1,905	93,916.3	783	93,916.3

Data centers with peak loads less than 50 MW account for 26.8 GW or 28.5 percent of the total data center peak load. Data center campuses with peak loads less than 50 MW account for 6.5 GW or 6.9 percent of the total data center peak load.⁴⁸ Data centers with peak loads at or above 50 MW account for 67.2 GW or 71.5 percent of the total data center peak load. Data center campuses with peak loads at or above 50 MW account for 87.4 GW or 93.1 percent of the total data center peak load.

13. The IRAS Filing Is Not Just and Reasonable Because it Will Raise Energy Prices as an Unintended Consequence Not Referenced in the Filing.

Most of the focus has been on meeting the increasing peak demand in PJM and the associated impact on the capacity market prices. In comparison, the impact on the energy market has received less attention. The mostly flat load profile of a data center means that

⁴⁶ Underlying data provided by SynMax Intelligence–Vulcan / IIR Energy.

⁴⁷ Includes data centers in the PJM footprint currently operating or scheduled to be operating prior to June 1, 2031.

⁴⁸ A plant is a single data center facility on a site. A campus is a multi-building data center development on the same site.

unlike residential or commercial load, energy consumption of the data centers during the peak periods is not significantly different from the energy consumption during the off peak periods.⁴⁹ This means that PJM's load during the normal off peak periods tend to be higher with higher concentration of data centers in PJM's footprint. Typically, PJM's energy dispatch relies on cheaper base load generators during the off peak periods and expensive peakers during morning and evening ramp hours. With higher energy consumption from data centers during all periods: peak and off peak, PJM would need to dispatch expensive generation even during off peak periods. In PJM, the reliance on expensive generation during the off peak periods would be unavoidable given that there has been limited supply of new base load generation in the recent years.⁵⁰ This would result in higher LMPs in PJM as energy prices are set by the offers of the marginal generators following an optimal dispatch.

The proposed IRAS would compound the impact of data centers because under this proposal, data centers with no offsetting generation would be allowed to consume energy from PJM's grid for almost all hours but for the few hours when PJM is expected to direct EDCs to curtail load. During all the remaining hours, the new data centers that were allowed to connect to the grid without offsetting generation would be consuming energy, resulting in PJM dispatching expensive generation to meet the load and higher prices for PJM's regular rate payers. PJM did not propose to remove large load subject to curtailment from the day-ahead or real-time energy market clearing engines.

⁴⁹ "Notably, annual load rises much faster than summer peak demand. Data centers run at flat 24/7 utilization, lifting overnight and shoulder hours by a larger percent increase relative to the summer afternoon peak." See Modo Energy, "Data centers define PJM's 2046 load forecast" <<https://modoenergy.com/research/en/pjm-load-forecast-data-centers-2046>>.

⁵⁰ See Generation Capacity Resource Changes, "Analysis of the 2027/2028 RPM Base Residual Auction – Part B," (July 9, 2026) at 47.

PJM has been adding data center load since 2019. The large scale additions have increased since 2023.⁵¹ The energy market data from these years provide an opportunity to assess the impact of increasing data center load on the energy market prices. The trends unmistakably show higher prices not only during the peak periods, but also during most off peak periods.

Table 2 shows the actual and forecasted data center load in PJM. The actual data center load for a given year is measured as the peak data center load in July of that year. The data center load measured as peak load in July increased by 62 percent from 5,036.9 MW in 2023 to 7,735 in 2025. PJM is projecting a substantial and rapid increase in the data center load in the coming years. During the same period, the real-time load in PJM has increased. Table 2 shows the date, hour and peak load excluding exports for every year from 2009 to July 2026. From 2009 through 2024, the summer peak load excluding exports in PJM averaged 144,802 MW. The summer peak load in PJM did not exceed 150,000 MW in any year from 2014 through 2024. During this period, the summer peak load in PJM averaged 144,493 MW. The highest peak load, 156,256 MW, since 2009 was reached on July 2, 2026.

In addition to the increase in the peak load, owing to the flat profile of the data center load, PJM's load increased across all hours. In 2023, PJM's real-time load was between 90 GWh and 120 GWh during 31 percent of hours. In 2025, PJM's real-time load was between 90 GWh and 120 GWh during 46 percent of hours. PJM has also seen an increase in LMPs during this period. There were substantially more hours where the PJM real-time load-weighted LMP was above \$40 per MWh in 2025 than in 2023. In 2023, PJM's real-time load-weighted LMP was above \$40 per MWh during 15 percent of hours. In 2025,

⁵¹ See PJM, "Data Center Accuracy Report," <<https://www.pjm.com/-/media/DotCom/planning/res-adeq/load-forecast/2026-accuracy-report.xlsx>>.

PJM's real-time load-weighted LMP was above \$40 per MWh during 41 percent of hours, nearly a threefold increase.

The average real-time load-weighted average LMP increased with the load. This is a direct result of PJM's least cost dispatch and marginal pricing principles used in the Real-Time Energy Market. For example, in 2025, the average real-time load-weighted average LMP when the real-time load was between 110 GWh and 120 GWh was \$63.28, or 25 percent higher than when the real-time load was between 100 GWh and 110 GWh.

The higher load could also contribute to increased use of transmission network leading to increased transmission constraint violations. In PJM, when a transmission constraint is limiting and there are no generation alternatives, PJM dispatchers may allow the flow on the transmission constraint to exceed its limit. This is called a transmission constraint violation. When this occurs, the shadow price and LMPs are set by the Transmission Constraint Penalty Factor. PJM uses \$2,000 per MWh as the default Transmission Constraint Penalty Factor. For the first time in the first six months of 2026, the Transmission Constraint Penalty Factor contribution to the LMP was its highest, 20.3 percent of the real-time load-weighted average LMP.⁵² This was largely due to increased 500 kV constraint violations. In 2025, on average, there were twelve 500 kV constraint violation intervals when PJM's real-time load was between 140 GWh and 150 GWh. This historical data show that PJM experienced a higher number of 500 kV violations as the load increased. With higher load following the implementation of IRAS, PJM is likely to experience higher frequency of 500 kV violations, and higher prices due to Transmission Constraint Penalty Factors.

⁵² See *2026 Quarterly State of the Market Report for PJM: January through June*, Section 3 Energy Market at Demand, (August 13, 2026).

Table 2 PJM Data Center Load (Measured by Peak Load in July)⁵³

Zone	2023		2024		2025		2026		2027		2028	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
RTO	3,894.0	5,036.9	5,968.3	6,135.6	7,735.0	8,167.2	11,479.0		15,866.0		21,290.0	
AEP	89.9	485.5	889.2	839.4	1,761.0	1,726.1	2,699.0		4,191.0		5,496.0	
APS	1.2		73.4		8.0		165.0		276.0		319.0	
ATSI					56.0		132.0		165.0		299.0	
BGE					12.0		18.0		25.0		43.0	
COMED		396.9		497.0	546.0	622.7	885.0		1,275.0		2,058.0	
DAYTON									144.0		277.0	
DOM	3,802.9	3,908.1	4,712.3	4,534.0	4,970.0	5,563.2	7,066.0		8,925.0		10,615.0	
DQE												
JCPL												
METED												
PECO							17.0		88.0		281.0	
PEPCO												
PL					93.0		189.0		394.0		1,274.0	
PS		246.4	293.5	265.3	289.0	255.2	308.0		383.0		628.0	

⁵³ See PJM, “Data Center Accuracy Report,” <https://www.pjm.com/-/media/DotCom/planning/res-adeq/load-forecast/2026-accuracy-report.xlsx>.

Table 3 PJM Peak Load between 2009 and January through June, 2026⁵⁴

	Date	Hour Ending (EPT)	PJM Load (MWh)
2009	Mon, August 10	17	123,900
2010	Tue, July 06	17	133,297
2011	Thu, July 21	17	154,095
2012	Tue, July 17	17	150,879
2013	Thu, July 18	17	153,790
2014	Tue, June 17	18	138,448
2015	Tue, July 28	17	140,266
2016	Thu, August 11	16	148,577
2017	Wed, July 19	18	142,387
2018	Tue, August 28	17	147,042
2019	Fri, July 19	18	148,228
2020	Mon, July 20	17	141,449
2021	Tue, August 24	17	145,563
2022	Wed, July 20	18	144,356
2023	Thu, July 27	18	144,215
2024	Tue, July 16	18	148,890
2025	Mon, June 23	18	156,256
2026 (Jan-Jul)	Thu, July 02	18	158,005

C. Rejecting the IRAS Filing Would Allow the Commission to Direct an Appropriate Remedy.

1. The Current Rules Are Inadequate to Address Prevailing Market Conditions.

The Market Monitor has extensively documented the fact that the application of the current tariff is unjust and unreasonable and produces results that are not competitive.^{55 56}

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⁵⁴ See 2026 *Quarterly State of the Market Report for PJM: January through June*, Section 3 Energy Market at Demand (August 13, 2026).

⁵⁵ See Monitoring Analytics, LLC “Analysis of the 2027/2028 RPM Base Residual Auction – Part A,” (January 5, 2026).

⁵⁶ See Monitoring Analytics, LLC, 2026 *Quarterly State of the Market Report for PJM: January through June* (August 13, 2026) Section 1: Introduction.

2. The Record Provides Sufficient Information for the Commission to Immediately Issue a Remedial Directive that Protects Reliability and Affordability.

Upon issuing a finding that the current rules are unjust and unreasonable, the Commission can, on the basis of the existing record, direct PJM to implement a remedy (“Remedial Directive”). The Remedial Directive is based on the Market Monitor Proposal (Attachment A).

The Remedial Directive should direct that PJM file, within two weeks, rules and procedures establishing curtailment obligations for wholesale service to data centers that do not yet have new capacity resources or plans to obtain new capacity resources, during a defined transition period that would allow all data centers the time to contract for new generation capacity. LSEs would require data centers without new capacity to provide curtailment service through a contract with a curtailment coordinator for up to three years or other reasonable defined limit.⁵⁸ PJM would determine penalties for noncompliance with curtailment directives and other requirements as necessary or appropriate to maintain resource adequacy. LSEs would require data centers to contract directly with curtailment coordinators to provide curtailments, including terms assigning compliance related costs and risks among themselves and holding harmless other LSEs’ customers.

The Market Monitor recommends that the Remedial Directive be issued in conjunction with a remedial directive in Docket No. ER26-3380, the RBP Filing. The Market Monitor recommends that the Commission consolidate the proceedings or otherwise

⁵⁷ See *id.*, Section 5: Capacity Market.

⁵⁸ As further explained in the Market Monitor proposal (Attachment A at 3), LSEs could either establish themselves as curtailment coordinators or sign up with a curtailment coordinator if they prefer not to join PJM and become a wholesale market participant. The curtailment coordinator would receive a curtailment directive from PJM and the curtailment coordinator would send a corresponding directive to the data center needing to curtail.

resolve the issues raised here and in the RBP Filing in conjunction. If orders establishing hearings issue, the Market Monitor moves that this docket and ER26-3380 be formally consolidated.

The Remedial Directive can be implemented immediately and can be relied upon to meet the goals of the Pledge and Principles.

The Commission has exclusive jurisdiction over the terms and conditions of wholesale power sales and the bulk power grid.⁵⁹ The capacity obligation of LSEs to support resource adequacy is a term and condition of wholesale power sales subject to the Commission's exclusive jurisdiction.⁶⁰ ⁶¹ The Remedial Directive applies to LSEs and the terms and conditions necessary to meet capacity obligations to PJM, and these terms cannot be changed by states.⁶² The Supreme Court has determined that federal regulation in this field preempts state regulation.⁶³ The Remedial Directive does not regulate retail power

⁵⁹ See 16 U.S.C. § 824.

⁶⁰ 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").

⁶¹ RAA Article 7.

⁶² See *Nantahala Power & Light Co. v. Thornburg*, 476 U.S. 953, 972 (1986) ("[I]n formulating rates over which it has exclusive jurisdiction, FERC ruled that the NFA and AA should be treated as allocating 22.5% of the entitlement power of the Tapoco-Nantahala system to Nantahala's customers and 77.5% of that power to Tapoco's customer. That allocation, reflected as it is in a filed rate, must be respected by NCUC. If, as a result, Nantahala needs to purchase additional power from some nonentitlement source, that need is a reasonable one.').

⁶³ See *id* (state action targeting rates for capacity preempted by federal occupation of the field), citing *EPSA*, 577 U.S. 260, 288 (2016) ("The FPA leaves no room either for direct state regulation of the prices of interstate wholesales or for regulation that would indirectly achieve the same result." (internal quotation marks omitted)).

sales. The Commission's jurisdiction to determine whether LSEs have met capacity obligations related to resource adequacy does not intrude on the jurisdiction over generation reserved to the States.⁶⁴ The Commission initiated a proceeding to address matching costs of new transmission network upgrades to data centers.⁶⁵ A similar and complementary proceeding is needed to match the costs of new resources to support resource adequacy to data centers and to provide for limited interim arrangements to address the period between the start of wholesale electric service to data centers and start of capacity arrangements needed to support such service. The Remedial Directive is within the Commission's jurisdiction based on the Commission's exclusive jurisdiction over resource adequacy.⁶⁶ The Remedial Directive provides an alternative means for LSEs to demonstrate that the data center loads that they host have satisfied the terms and conditions related to the receipt of wholesale electric service in the PJM Region.

The Remedial Directive provides terms and conditions for wholesale energy service to support resource adequacy that define the rules for curtailment obligations, similar, in so far as the Commission's jurisdiction is concerned, to the Commission's jurisdiction over

⁶⁴ See *id.* at 164 ("That Maryland was attempting to encourage construction of new in-state generation does not save its program. States, of course, may regulate within the domain Congress assigned to them even when their laws incidentally affect areas within FERC's domain. See *Oneok, Inc. v. Learjet, Inc.*, 575 U. S. 373, 385, 135 S. Ct. 1591, 191 L. Ed. 2d 511, 528 (2015) (whether the Natural Gas Act (NGA) preempts a particular state law turns on "the target at which the state law aims").[citation omitted] But States may not seek to achieve ends, however legitimate, through regulatory means that intrude on FERC's authority over interstate wholesale rates, as Maryland has done here."); see also *Conn. Dep't of Pub. Util. Control v. FERC*, 569 F.3d 477, 481 (2009).

⁶⁵ See *Large Loads Show Cause Order*.

⁶⁶ 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."); see also *EPSCA*, 577 U.S. at 281–282.

demand response and the role of Curtailment Service Providers within the framework of the demand response rules.⁶⁷

The reason why the IRAS Filing should be rejected, and the Remedial Directive should issue instead, is the broadly recognized need to protect reliability and affordability in the PJM Region. The IRAS Filing fails to address reliability. The IRAS Filing does not propose coherent rules, and instead defers to the development of state by state rules that do not provide coherent or consistent rules for the curtailment of service to data centers that do not bring their own capacity. Contrary to the fundamental goals of the Pledge and Principles, PJM proposes to shift the costs and risks of data center developers who have created and continue to create the extraordinary and immediate need for new resources to existing customers even though the data centers are ready and willing to assume the costs and risks they create. The Remedial Directive can fully and timely implement the goals of the Pledge and Principles.

II. CONCLUSION

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

Respectfully submitted,



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⁶⁷ See 577 U.S. 260.

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Dated: September 3, 2026

ATTACHMENT A
Market Monitor Proposal



DATE: June 30, 2026, Meeting Date
TO: CIFP: Connect and Manage
FROM: IMM
SUBJECT: Proposed Limited Curtailment Alternative V2

The preferred option for data centers adding load to the PJM system is that LSEs serving data centers require such data centers to bring their own new generation via a bilateral contract between the load and the generation based on the addition of such LSE requirement to the RAA.¹ For LSEs with data centers that did not bring their own new generation, the IMM proposes that PJM run a reliability backstop auction that would facilitate data centers' procurement of the new generation resources needed to satisfy the LSEs' requirements. The reliability backstop auction is designed to allow data centers to purchase generation capacity with the intent to sign bilateral contracts with generation resources that offer in the auction. The data centers would, in consultation with the LSE, identify the amount and location of the capacity they need. This reliability backstop auction would include associated rules for an interconnection process for large new data center loads that bring their own new generation with locational and temporal characteristics reasonably matched to their load profile. The IMM addresses the requirements for new generation brought by data centers and relied on by the LSEs serving such data centers in the IMM's reliability backstop auction design proposal.

The IMM defines an additional part of a comprehensive approach to reliably serving data center load while ensuring that data centers pay all of their own costs, which the IMM terms the limited curtailment alternative. The limited curtailment alternative would obligate LSEs serving data centers that do not bring their own new generation, either directly through bilateral contracts or through the reliability backstop auction, to require that such data centers have agreed as a condition of service from the LSE to be curtailable under defined conditions. This limited curtailment alternative is not the same as the pretense that the data centers are providing demand response for which they should be paid.² Data centers do not want to be curtailable. Data centers are already critical loads in many applications because they are embedded in the workings of the economy and society. Given the level of data center load growth, this limited curtailability alternative, if correctly designed and enforced for each individual data center served, would provide an incentive for data centers to bring new generation to the market either through bilateral contracts or through the reliability backstop auction. As the curtailment alternative is to serve its intended goal as only a bridge allowing

¹ See RAA § 5.2, referencing OA § 15.1. The RAA can be amended only by action of the PJM Board and FERC approval, per RAA § 16.4.

² The Supreme Court has recognized FERC jurisdictional "wholesale demand response," involving "consumers ... commitments [through LSEs] to curtail their use of power, so as to ... prevent grid breakdowns." *EPSA v. FERC*, 577 U.S. 260, 270 (2016).

data centers that LSEs cannot serve reliably to receive service while waiting to buy or build new capacity, there must be a strong incentive to not remain under the limited curtailment alternative for any longer than necessary. If an LSE does not show that its data center load brings new generation, the LSE must show that the data center load is curtailable if that load comes on line. The IMM proposes that there be a maximum term of three years on the ability of the LSE and the data center to rely on the limited curtailment alternative instead of bringing their own new generation.

Under the proposed associated RAA revisions, LSEs would bear only the risk that they fail to require data centers to use one of the two available options: bring your own new generation and enter into a bilateral; or participate in the reliability backstop auction and enter into a bilateral. The risk for the LSE is as currently defined in the RAA.³ LSEs do not bear any risk associated with the bilateral contracts or with the failure of a data center to curtail when directed. The bilateral contract risks are entirely between the two parties to the contract.

PJM's modified (June 18, 2026) connect and manage proposal includes the fundamental and fatal flaw that there is no clear link between identifying the data centers that do not have capacity and curtailment rules and mechanisms. PJM appropriately removed its prior proposal that relied on PJM's broad authority to request curtailments to manage extreme conditions including blackouts. Under that approach, PJM did not have the authority or the ability to curtail specific customers. There was no clearly established link between the behavior (no capacity) and the consequence (curtailment). There are no clear PJM rules governing detailed curtailment priorities and order by customer. This type of curtailments are managed by TOs/EDCs. That broad brush approach cannot be targeted in the manner necessary to implement curtailments of specific data centers that have not met the LSE requirement to bring your own new generation and that are subject to the curtailment alternative.

However, PJM's latest change to its connect and manage proposal (June 18, 2026) is to disclaim responsibility and simply impose the risk and responsibility for curtailing load on the states. PJM will allow significant amounts of new data center load to interconnect to the grid without doing transmission and capacity reliability studies. The unavoidable consequence of that will be that the new loads, without matching new generation, will result in curtailments of load at unpredictable times and for unpredictable durations. Without curtailment rules that are clear and transparent ahead of time, data centers cannot make economic decisions. Without rules that are clear and transparent ahead of time, the risk and cost of curtailments and load shedding may fall on other customers. This is another example of PJM's approach running counter to the

³ See RAA § 5.2, referencing OA § 15.1. The RAA can be amended only by action of the PJM Board and FERC approval, per RAA § 16.4.

Principles and imposing risk and uncertainty on other customers. It is not reasonable for PJM to simply ignore this issue which is fundamental to the reliable operation of the PJM markets.

The IMM proposes to use the existing model for curtailing retail customers, the CSP model, currently used for demand resources. The CSP model has successfully been used to resolve the wholesale/retail jurisdictional issue, allowing PJM to direct curtailments of retail customers through the intermediary CSP. The purpose of the IMM proposal, like the CSP model, is the protection of system reliability, which is a matter subject to federal jurisdiction.⁴ Because the IMM limited curtailment alternative proposal is a condition of service and the curtailments do not result in a product or sale of any kind, the curtailments do not involve a product or sale that could be subject to state regulation.⁵

The IMM's proposal falls squarely within federal jurisdiction over wholesale sales of power and the terms and conditions for such sales. LSEs would be obligated, as a condition of service, in the RAA, to require that all data centers that an LSE serves must have a bilateral contract with a new source of generation that meets the requirements to be exempt from curtailment, or to either establish themselves as curtailment coordinators (CCs) or sign up with a curtailment coordinator if they prefer not to join PJM and become wholesale market participants. The CC would receive a curtailment directive from PJM and the CC would send a corresponding directive to the data centers under the limited curtailment alternative. Curtailment would apply to each data center load individually. The behavior of the CC and its customers would be directly monitored. Appropriate penalties would be imposed for nonperformance.

The IMM's proposal is that all data center load that was not online on June 1, 2026, would be required by their LSE to participate in the reliability backstop auction or to commit to the BYONG option. LSEs would have the option to show that the data centers they serve have committed to a specific future BYONG plan and not be included in the auction. If LSEs cannot show that such data center load brings new generation either through the BYONG option or the reliability backstop auction, the LSE would have to show that the data center load would be curtailable under the CC model if that load comes online. In general, LSEs must show that data center load without new generation at the beginning of a delivery year would instead be subject to curtailment.

LSEs would have to show that data centers have agreed that the trigger for curtailment of curtailable data center load would be that, in the implementation of PJM procedures, data center curtailment would be prior to any PJM EEA1 declaration and prior to curtailment of pre-emergency or emergency demand response resources. LSEs would show that data centers

⁴ See 577 U.S. at 270.

⁵ See, e.g., *In re Erving Indus., Inc.*, 432 B.R. 354 (Bankr. D. Mass. 2010) (court concludes electricity is a good rather than a service).

would also be subject to curtailment outside of emergency procedures at PJM's discretion, if such curtailment would contribute to addressing an identified reliability issue. Curtailment would last for the full duration of the emergency procedure or the amount of time necessary to resolve the identified reliability issues.

PJM would direct the curtailment of data center load on a pro rata basis if the total curtailment MW needed by PJM is less than the total data center load on the system that is under the limited curtailment alternative.

The limited curtailment alternative is intended as an incentive to bring new generation either directly or through the reliability backstop auction in a timely manner. The duration of service under the limited curtailment alternative would be limited to three years. The data centers would pay the full cost of capacity to reflect the incentive nature of the limited curtailment alternative and to reflect the fact that the data centers would be using system capacity for most hours of the year.

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 3rd day of September, 2026.



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