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Executive Summary of the Maryland Office of People's Counsel

CIFP -Resource Adequacy – Stage 4

The Maryland Office of People's Counsel (MdOPC) appreciates the opportunity to present its proposal to the PJM Board as part of the Critical Issue Fast Path – Large Load Additions (CIFP-LLA) stakeholder process. MdOPC supports the Joint Consumer Advocates Proposal that is attached below and to the executive summary and the proposal matrix submitted by the Pennsylvania Office of the Consumer Advocate.

PJM is confronting one of the most serious challenges in its history. The unprecedented pace of proposed large load additions–driven almost entirely by data center development–poses significant risks to reliability and presents a fundamental test of PJM's market framework. As the PJM Board emphasized in its August 8, 2025 letter initiating the CIFP-LLA process, the region's future reliability depends on developing market-based solutions that ensure resource adequacy. MdOPC submits this statement to underscore the urgency of these issues and to outline principles for a solution that responsibly accommodates LLAs without jeopardizing reliability or imposing undue costs on existing customers.

PJM's current framework was not designed for the magnitude or concentration of new load now emerging. Tens of gigawatts of potential data center demand are being proposed across the region, often in areas where generation and transmission infrastructure are already constrained. The system is approaching a point where planning errors will no longer be quietly absorbed; they will manifest as sharp capacity price volatility, reliability risk, and unjust cost burdens on existing consumers. MdOPC believes PJM must adopt a durable, forward-looking framework that uses existing market structure to ensure that those who bring on new large loads bear the corresponding responsibility for securing the capacity and transmission necessary to serve them.

A central feature of MdOPC's position is a Bring Your Own Capacity (BYOC) requirement. Any entity proposing a new large load must either develop or contract for new, additional capacity (i.e., new build or new resource capacity that has not cleared in prior auctions) equal to its unforced capacity requirement plus reserves. That capacity must be located within the smallest applicable Locational Deliverability Area (LDA) as the load it supports, ensuring that reliability obligations are met locally and avoiding unnecessary transmission costs that would otherwise be shifted to ratepayers across the region. BYOC resources must also be synchronized in time with the corresponding load, meaning that generation and demand come online together. This structure prevents mismatches between when load appears and when supply is available, closing one of the most significant current gaps in PJM Staff's voluntary proposal.

A properly structured BYOC rule provides strong incentives for market participants to internalize reliability costs while maintaining flexibility for state-supported or private entities to determine how to meet their obligations. BYOC also creates the conditions to apply necessary requirements to ensure reliability. Namely, entities that connect large loads without the corresponding capacity commitments must face enforceable consequences so that the private development choices of LLAs do not impose public reliability costs. MdOPC and other consumer advocates have coalesced around this principle – required BYOC with consequences that maintain reliability – because it represents the only sustainable balance between economic growth and reliability protection and does not burden existing customers with reliability risks or additional costs that are caused by the LLA customers.

MdOPC further emphasizes that effective implementation of load forecasting reforms is critical and time-sensitive. The current forecasting process, while historically sufficient, cannot capture the uncertainty or volatility of LLA development. Forecasting methodologies must shift to a uniform, transparent, and verifiable standard that requires documentation of financial, contractual, and construction commitments before load is included in forecasts. This is not a theoretical refinement; it is a prerequisite for protecting consumers from the substantial cost consequences of an erroneous forecast. These reforms must be implemented immediately and in place for the 2026 forecast cycle. Without them, customers could face significant and unjust capacity and transmission charges tied to speculative projects that never materialize.

MdOPC recognizes the importance of coordination among PJM, state regulators, and Load Serving Entities to implement these measures effectively. However, that coordination must reinforce, rather than dilute, the obligations of large loads to meet system reliability requirements. MdOPC's approach avoids jurisdictional conflict by

aligning precisely with PJM's established authority: PJM retains responsibility for the wholesale market practices that directly affect rates, including the preparation of the load forecast, the procurement of capacity, and the enforcement of capacity obligations. States, in turn, continue to exercise their jurisdiction over siting, permitting, and retail service obligations.

The urgency of this effort cannot be overstated. Failure to implement these reforms now will lead directly to avoidable cost transfers and reliability degradation. MdOPC urges the Board to ensure that PJM's final CIFP outcome produces a transparent, enforceable, and market-aligned framework that only accommodates large loads if adequate safeguards are in place to protect all customers.

Joint Consumer Advocates Proposal

Affordability and Reliability for Residential Customers (ARRC) Core Components

Bold text indicates the core market and operational principles of the Joint Consumer Advocates proposal to protect residential consumers' interests in receiving reliable, reasonable, and affordable electric service. Regular text provides additional description of how to achieve the principle.

References:

Governors (MD, NJ, PA, VA), Data Center Coalition, Exelon dated Nov. 6, 2025, "Joint Data Center Proposal [Updated]".
Bipartisan PJM State Legislators Collaborative, Nov. 7, 2025, "Bipartisan Proposal"

1. **Mandatory Bring Your Own New Capacity (BYOC) for Large Load Additions (LLAs):**

   a. **LLAs must simultaneously provide a combined amount of RPM-eligible new capacity (UCAP) and associated reserve margin located at the smallest applicable Load Deliverability Areas (LDAs).**

      Capacity must be in the form of generation or demand resources that: (1) offers into the RPM and is subject to corresponding requirements (e.g., subject to PJM capacity payment as well as penalties for non-performance); and (2) must be in the smallest applicable LDA. Non-"Must Offer" resources must participate in RPM to qualify as BYOC.

      Generation must be new or additional, i.e., not cleared in a previous capacity auction (see Joint Data Center Proposal [Updated], Tenet 1, p. 7, which requires a power purchase agreement (PPA) with LLA along with some other options).

      Do <u>not</u> support allowing uprate or expansion of an existing resource to meet the BYOC requirement to maximize utilization at its point of interconnection unless this uprate or expansion has not cleared in the previous capacity auction (oppose Joint Data Center Proposal [Updated], Tenet 1, p. 7).

      Do <u>not</u> support allowing generation that is asserted to have a compelling economic basis for retirement by an independent audit and approved by the

state to meet the BYOC requirement (oppose Joint Data Center Proposal [Updated], Tenet 1, p. 7).

Do not support allowing generation that undergoes fuel-switching for economic reasons to another more efficient fuel type to meet the BYOC requirement (oppose Joint Data Center Proposal [Updated], Tenet 1, p. 7).

May consider supporting nuclear facilities in the processes of relicensing to be new/additional generation.

Generation and demand response must be within the smallest applicable LDA as the LLA or equivalent requirement (e.g., co-locate at the constraint as identified through state review process that requires load/generation deliverability tests as a gating factor). (Note: Joint Data Center Proposal [Updated] proposes voluntary acceleration of interconnection for LLA and generation within the same LDA, Tenet 2, p. 8)

Generation and demand response must be available for offer into the capacity market simultaneously, i.e., synchronized in time, with the LLAs.

Demand response that is limited in number of activations or hours is not eligible to satisfy BYOC (oppose Joint Data Center Proposal [Updated], Tenet 2, p. 4.).

LLAs can participate in PJM's PRD but that would not satisfy the BYOC requirement.

b. LLAs that do not BYOC, if allowed to connect to the grid, are subject to interruption though its EDC or LSE at the beginning of pre-emergency procedures, before Demand Resources.

LLAs cannot take "interruptible" service as a substitute for capacity requirements under BYOC (i.e., be interrupted during grid emergencies, also referred to Non-Capacity Backed Load (NCBL)) (oppose Bipartisan PJM State Legislators Collaborative, Tenet 6).

c. LLAs would be subject to emergency manual load shed prior to emergency manual load shed for all other customers, as implemented through its EDC or LSE.

Includes new load shed priority that is a manual load shed of LLAs prior to manual load dump all other customers in times of emergency when there is insufficient capacity to meet LLAs (the Joint Proposal states on p. 4,

"Establish new PJM emergency procedure, Step, 9A, for deployment immediately prior to manual load dump," presumably referring to "interruptible LLA).

The new load shed priority is not considered a capacity product and does not offset the capacity payments of the LLA by and through its LSE (oppose Joint Data Center Proposal [Updated], p. 4, creation of Step 9A as a new product).

If PJM can in real-time identify those LLAs whose generation and/or LODR/Demand Resources are performing as required, then those LLAs would be curtailed after non-performing LLAs.

PJM should ensure that all LLA load is shed prior to shedding of non-LLA customers, subject to rules governing critical loads, which may be applied to certain critical LLA applications on a case-by-case basis per existing EDC rules for critical load designation.

d. **The PJM method of assigning manual load sheds, during pre-emergency and emergency conditions, will be addressed with stakeholders the first quarter of 2026.**

2. **Extend Current Capacity Price Cap through the latter of two auctions or the first auction in which a majority of the capacity of the EIT resources are available for the BRA** (in contrast to Joint Data Center Proposal [Updated], Tenet 5, p. 11).

3. **Support PJM's Expedited Interconnection Track (EIT)** (consistent with Bipartisan Proposal, p. 9; similar to Joint Data Center Proposal [Updated], Component 3, p. 5 and Tenet 1, p. 7).

4. **Load Forecasting must rely on uniform, transparent, and verifiable information and commitments for the LLA to be included in the forecast starting with the 2026 forecast** (consistent with Joint Data Center Proposal [Updated], Component 1, p. 3).

   We are supportive of state review of load forecasts, independent third-party involvement in the verification of data center load growth, and alignment of forecasts with approved transmission projects in TEAC as proposed by other parties.

5. **Transmission costs: PJM will initiate a stakeholder process to require large load customers to cover the costs of RTEP and supplemental projects caused by their addition to the system**.

6. **Tighten the LLA definition to be 20 MW and at same interconnection point or multiple interconnection points where the LLA is an array of connected facilities.**

   LLA definition is inclusive of all *new* interconnecting loads following the beginning of CIFP process.

7. **Do not oppose a State Siting & Permitting Collaboration Outside the PJM process** that engages a state consortium among customers and states to provide a state sponsored project siting and permitting mechanism to accelerate LLA development (Joint Data Center Proposal, Updated, Tenet 3, p. 9)