UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.	**)**	**Docket No. ER 26-3515**
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	)	

LIMITED PROTEST OF PUBLIC INTEREST ORGANIZATIONS

Pursuant to Rule 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or the "Commission"),[1] Sierra Club, Natural Resources Defense Council ("NRDC"), Environmental Law and Policy Center, Appalachian Voices, and the Center for Progressive Reform (collectively, "Public Interest Organizations" or "PIOs") submit this limited protest of four aspects of PJM Interconnection, L.L.C.'s ("PJM") proposed Interim Resource Adequacy Service and Large Load Registry ("IRAS Filing").[2]

With the limited modifications described below, the IRAS Filing is an essential mechanism to protect customers in PJM from skyrocketing costs and degrading reliability caused by the forecasted rapid influx of large loads. PIOs believe the IRAS Filing could, if modified as described below, permanently resolve emerging resource adequacy shortfalls while respecting jurisdictional boundaries. PIOS therefore urge the Commission to approve PJM's IRAS Filing with modifications to (1) ensure IRAS and Bring Your Own New Capacity ("BYONC") requirements are permanent for all new large loads, or else to clarify that the trigger for the IRAS program going to sleep is the capacity market clearing for three consecutive years with sufficient

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[1] 18 C.F.R. § 385.211.
[2] *PJM Interconnection, L.L.C.*, Proposal to Establish Interim Resource Adequacy Service & a Large Load Registry, Docket No. ER26-3515-000 (Aug. 13, 2026), Accession No. 20260813-5118 ("IRAS Filing").

supply to satisfy all demand including new large loads; (2) require penalties for LSEs that fail to comply with IRAS Actions; (3) either eliminate compensation for IRAS resource curtailment, or require PJM to cap the compensation awarded to IRAS loads at no more than the amount the new large load paid in capacity charges for the relevant delivery year; and (4) require BYONC supply to be fully deliverable to new large loads by considering transmission limits between zones.

TABLE OF CONTENTS

INTRODUCTION 1

BACKGROUND 5

I. PJM is facing resource adequacy and affordability concerns as it struggles to meet data center load growth. 5

A. PJM's capacity market faces increased reliability risks as data center load grows faster than PJM can bring new supply online. 6

B. PJM's supply and demand imbalance is causing high capacity prices, leading to historically high bills for all ratepayers. 9

II. The Commission should accept PJM's Interim Resource Adequacy Service and Large Load Registry with modifications to better achieve the IRAS's objectives. 11

DISCUSSION 12

I. The IRAS Framework is just and reasonable and not unduly discriminatory. 12

A. Large load customers are differently situated from other customers. 13

B. IRAS is jurisdictionally sound and respects the roles of states and PJM. 18

C. Removing New Large Loads from RPM is just, reasonable, and not unduly discriminatory. 20

II. The Commission Should Only Modify PJM's IRAS Filing to Better Accomplish PJM's Objectives. 23

A. Objective One: Promote Reliability by Requiring New Large Loads to be Curtailable Until They Bring New Capacity to Meet Their Needs. 24

B. Objective Two: Promote Affordability by Requiring New Large Loads to Pay for Their Own New Capacity and Avoid Shifting Costs to Residential and Other Existing Ratepayers. 26

C. Objective Three: Provide States and LSEs With Sufficient Information to Ensure the Right Loads are Curtailed and Charged. 28

III. Modification 1: The Commission must ensure that the IRAS filing effectively removes new large loads from the capacity market until associated new capacity is online and deliverable. 30

A. Suspending the IRAS Framework during periods of resource adequacy risks pinning prices at the cap. 31

i. Suspending the IRAS Framework will reduce the incentive for New Large Loads to fully BYONC, raising costs for other customers. 33

ii. Suspending the IRAS Framework based on the lower Reliability Requirement which excludes New Large Loads that have not demonstrated BYONC is not an appropriate trigger. 34

B. PJM's proposal to toggle IRAS on and off creates regulatory uncertainty and whiplash for market participants. 34

C. The Commission should modify PJM's IRAS Filing to make the IRAS Framework Permanent or correct the Reliability Requirement Trigger. 36
IV. Modification 2: The Commission Should Modify the IRAS Filing to Include Penalties When Eligible New Large Loads Fails to Curtail 38
A. Commission Precedent Supports Operational and Financial Consequences When a Lage Load Fails to Curtail. 39
B. The Commission Should Require Operational Penalties for Failure to Curtail 40
C. If the Commission declines to impose operational penalties, then the Commission should modify PJM's proposal to include financial penalties. 44
V. Modification 3: The Commission Should Reject IRAS Compensation or, in the Alternative, Limit Any Payment to a Make-Whole Payment for Capacity Charges. 46
A. Curtailability Is a Condition of Speed to Power, Not a Separately Compensable Service 47
B. Cost Causation Principles Support a Zero-Dollar Rate or a Capacity-Charge Credit. 49
C. PJM's Reliance on the Commission's Decision on Compensation for Pre-Emergency Load Response Does Not Justify the Proposed Rate. 50
D. The Commission Should Remove IRAS Performance Compensation or, in the Alternative, Limit Any Compensation to a Make-Whole Payment. 51
VI. Modification 4: The Commission should require BYONC supply to be fully deliverable to new large loads by considering transmission limits between zones. 52
CONCLUSION 56

INTRODUCTION

The unprecedented number of new and forecasted large load additions, mostly data centers, in the PJM footprint has outstripped new supply, and PJM's capacity auctions have cleared short of the region's reliability requirement for two consecutive auctions despite hitting auction price caps in both auctions.[3] These shortfalls increase the risk of loss-of-load events and sustained high-capacity prices for existing ratepayers who are not responsible for these new shortfalls. Moreover, PJM expects that capacity shortfalls may continue due to the rapid growth of data centers and other large loads that PJM cannot currently serve reliably.

The IRAS Filing is an attempt by PJM to ensure that future shortfalls do not create reliability risks and to avoid shifting costs to residential or other existing ratepayers. PJM proposes four changes to its governing documents. First, PJM will require that a Load Serving Entity ("LSE") must bring new capacity to offset or exceed the amount of peak load from new large loads.[4] If an LSE fails to bring such new capacity, it will be subject to load reduction requirements prior to Pre-Emergency Load Management Response.[5] Second, PJM will establish a Large Load Registry, which will allow PJM to identify how much new capacity an LSE is required to bring to offset new large loads.[6] Third, PJM will define Large Loads, New Large Loads, and Eligible New Large Loads.[7] Fourth, PJM will exclude New Large Loads that do not Bring Your Own New Capacity ("BYONC") from the Variable Resource Requirement ("VRR")

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[3] The auction fell short by 6,623 MW and 6,831 MW of unforced capacity in the 2027/2028 and 2028/2029 auctions, respectively. IRAS Filing, *supra* note 2, at 14.
[4] *Id.* at 3–4.
[5] *Id*.
[6] *Id.* at 5.
[7] *Id.* at 5–6. Unless otherwise noted, capitalized terms in this limited protest have the same definition as the referenced PJM filing and proposed Tariff.

Curve to ensure that existing customers do not purchase new capacity for New Large Loads.[8] New BYONC supply must participate in the PJM Reliability Procurement Mechanism ("RPM") as price takers (i.e., $0/MW offer) for 10 consecutive delivery years.[9] PIOs strongly support PJM's proposal to limit reliability service for LSEs serving New Large Loads that fail to BYONC.

PIOs support many aspects of the IRAS Filing and find the overarching framework just, reasonable, and not unduly discriminatory. It is admirable that PJM is proposing to limit the reliability guarantee for zones in which New Large Loads fail to bring new capacity to the system. By excluding those resources from the capacity market, PJM will ensure that residential and other existing ratepayers do not purchase capacity for New Large Loads. PJM is proposing changes that generally support the Statement of Principles Regarding PJM issued on January 16, 2026, by the National Energy Dominance Council and the 13 governors of the PJM States,[10] the Ratepayer Protection Pledge signed by more than 200 utilities, developers, cooperatives, and governors,[11] and the repeated recommendations that PIOs, consumer advocates, and other stakeholders made during the PJM stakeholder process.[12]

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[8] *Id.* at 5–8.
[9] *Id.* at 55.
[10] Statement of Principles from the White House Nat'l Energy Dominance Council & PJM Governors Regarding PJM (Jan. 15, 2026), https://www.energy.gov/documents/statement-principles-regarding-pjm.
[11] *Ratepayer Protection Pledge*, The White House (Mar. 4, 2026), https://www.whitehouse.gov/ratepayer-protection-pledge/#signatories ("Ratepayer Protection Pledge").
[12] *See, e.g.*, NRDC & the PJM Legislators Collaborative, Protecting Ratepayers Proposal: Executive Summary (Nov. 17, 2025), https://www.pjm.com/-/media/DotCom/committees-groups/cifp-lla/2025/20251119/20251119-item-02e---pjm-legislators-and-nrdc-package---executive-summary.pdf

PJM's consent to modification is a further signal that it is committed to the most effective IRAS Filing possible. Rather than present a take-it-or-leave-it package, PJM "consents to the Commission's exercise of authority to modify and/or sever any element of the proposed Tariff and RAA language" so long as any modification "is consistent with PJM's overarching objectives in this filing."[13] PJM invites stakeholders to "comment as they feel necessary and appropriate."[14] PIOs accept this invitation by proposing several narrow but important modifications that the Commission can prescribe in an order approving the IRAS Filing.

PJM's consent is bounded by its "overarching objectives in this filing," yet the IRAS Filing never explicitly defines the objectives.[15] Fairly read, however, the IRAS Filing pursues three objectives:

1. Promote reliability by requiring new large loads to be curtailable until they bring new capacity to meet their needs.
2. Promote affordability by requiring new large loads to pay for their own new capacity and avoid shifting costs to residential and other existing ratepayers.
3. Provide states and LSEs with sufficient information to ensure that new large loads, and not existing customers, are curtailed when new large loads fail to BYONC and that new large loads pay for their own new capacity.

The IRAS Filing fails to fully satisfy the first two objectives. This limited protest identifies four narrow but important modifications that will help PJM advance these objectives with the IRAS Filing.

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[13] IRAS Filing, *supra* note 2, at 9, 122.
[14] *Id.* at 124.
[15] *Id.* at 9, 122.

First, the IRAS Filing allows resources that do not BYONC to exit IRAS without first bringing new generation. The IRAS program "effectively goes to sleep" after three consecutive delivery years of meeting PJM's Reliability Requirement, even though the Reliability Requirement excludes load subject to IRAS.[16] PIOs propose that the Commission either require PJM to never put the IRAS program to sleep, or else to clarify that the trigger for the IRAS program being put to sleep is the capacity market clearing for three consecutive years with sufficient supply to meet all demand including new large loads subject to IRAS .

Second, the IRAS Filing does not have any penalty provisions for non-compliance with IRAS curtailment requirements. The Commission should require PJM to create a penalty applied to LSEs that fail to reduce load when PJM makes an IRAS Action and require PJM to provide LSEs and states with sufficient information to enable retail regulators to ensure that any such penalties are borne by loads that fail to curtail as instructed, rather than by other consumers.

Third, the IRAS Filing provides compensation to unmatched large loads that curtail under the IRAS program. And the IRAS filing lacks a cap on the total amount of compensation IRAS resources may receive in the aggregate.[17] The Commission should remove this compensation because the ability to pursue speedy interconnection prior to bringing their own capacity resources already provides IRAS resources with sufficient consideration for their commitment to curtail when required. Moreover, because the purpose of the proposed compensation for IRAS Actions is to make up for any capacity bills that large loads may still be required to pay, the Commission should require PJM to cap the compensation at no more than the amount the

[16] *Id.* at 72.
[17] *Id.* at 10 n.22.

Eligible New Large Load paid in capacity charges for the relevant delivery year if it allows any compensation for IRAS curtailments. To the extent compensation is provided for IRAS curtailment, PIOs strongly support PJM's position that states and retail regulators retain authority to waive such compensation entirely.[18]

Fourth, the IRAS Filing does not include a locational requirement for the new BYONC supply. Without a locational requirement, PJM risks relying on new capacity that will not actually be able to serve the zone in which the sponsoring new large load resides, thus failing to achieve the reliability objective described above. Similarly, allowing distant load and supply arrangements could result in significant regional transmission needs, which shift costs to other ratepayers, failing objective 2. The Commission should direct PJM to require BYONC to be located only in zones that are not constrained with regard to the zone in which the new large load resides.

These modifications will disturb neither the IRAS Filing's architecture nor its schedule, and they fall squarely within PJM's consent. These modifications will help the IRAS Filing ensure that PJM maintains reliability without imposing undue costs on residential and other existing ratepayers.

BACKGROUND

I. PJM is facing resource adequacy and affordability concerns as it struggles to meet data center load growth.

PJM's capacity market, the RPM, worked relatively well at assuring resource adequacy at reasonable rates for nearly twenty years, under conditions of predictable, gradual load growth

[18] *Id.* at 102.

spread relatively evenly across the PJM footprint. New generation resources could be built and interconnected closer to the market's three-year forward timeline.[19] However, as load growth, generation retirement, interconnection timelines, and supply chain delays have all increased in recent years, PJM has recognized that the current state of its markets is untenable.[20] Due in part to PJM's slow progress on interconnection reform and lack of multi-value transmission planning, PJM's markets are facing two major pain points: (1) data center load is growing faster than new supply can come online, leading to reliability concerns; and (2) PJM's supply and demand imbalance is causing sustained high capacity prices, leading to historically high bills for all ratepayers.

A. PJM's capacity market faces increased reliability risks as data center load grows faster than PJM can bring new supply online.

PJM's market is facing unprecedented load growth from rising data center demand that is outstripping supply and threatening reliability. These threats will accelerate if data center demand materializes as projected. Markets across the U.S. have not experienced this level of demand growth in recent memory. Electricity demand in the U.S. was relatively flat from the early 2000s until the early 2020s.[21] That trend has quickly changed. Over the next five years, the U.S. expects electricity usage to grow 5.7% per year.[22] Data centers are expected to make up

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[19] PJM, *Powering Reliability Through Market Design*, 4 (May 6, 2026), https://www.pjm.com/-/media/DotCom/library/reports-notices/special-reports/2026/20260506-powering-reliability-through-market-design.pdf ("Powering Reliability Through Market Design").
[20] *Id.* at 3, 27.
[21] Mark Schipper & Tyler Hodge, *After More Than a Decade of Little Change, U.S. Electricity Consumption is Rising Again*, U.S. Energy Info. Admin (May 13, 2025), https://www.eia.gov/todayinenergy/detail.php?id=65264.
[22] John Wilson et. al., Grid Strategies, Power Demand Forecasts Revised Up for Third Year Running, Led by Data Centers, 6 (Nov. 2025), https://gridstrategiesllc.com/wp-content/uploads/Grid-Strategies-National-Load-Growth-Report-2025.pdf ("Grid Strategies 2025 Load Growth Report").

25% to 55% of the total demand growth in the U.S. through 2030.[23] PJM predicts that 30 GW of large load demand will come online by 2030 and 70 GW of large load demand will come online by 2038.[24]

Most data center load growth through 2030 will be concentrated in the Electric Reliability Council of Texas ("ERCOT") and PJM.[25] Three states—Virginia, Texas, and California—host the highest concentration of data centers, and Virginia, located in the PJM footprint, hosts the largest number of data centers in the country.[26] PJM's Dominion Zone, which covers Virginia, is expected to have the largest absolute increase in summer peak demand through 2030.[27] RTO-wide, PJM expects its peak load growth to increase 65,773 MW by 2026 from its summer peak and 66,980 MW for its winter peak.[28]

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[23] Grid Strategies 2025 Load Growth Report at 3; Jonathan Koomey et. al., Bipartisan Pol'y Ctr. & Koomey Analytics, Electricity Demand Growth and Data Centers: A Guide for the Perplexed, 10 (Feb. 2025), https://bipartisanpolicy.org/wp-content/uploads/2025/02/BPC-Report-Electricity-Demand-Growth-and-Data-Centers-A-Guide-for-the-Perplexed.pdf.

[24] Letter from Paula Conboy, Chair, PJM Board of Managers, to PJM Stakeholders on Critical Issue Fast Path – Reliability Backstop Procurement and Connect and Manage, 1 (Jul. 27, 2026), https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2026/20260727-board-decisional-letter-on-cifp-reliability-backstop-procurement-and-connect-and-manage.pdf ("PJM Board July 2026 Decisional Letter"); *PJM Proposes Framework to Connect Data Centers Without Compromising Reliability, Affordability,* PJM Inside Lines (Aug. 13, 2026), https://insidelines.pjm.com/pjm-proposes-framework-to-connect-data-centers-without-compromising-reliability-affordability/.

[25] Grid Strategies 2025 Load Growth Report, *supra* note 23, at 5.

[26] Rebecca Leppert, *What We Know About Energy Use at U.S. Data Centers Amid the AI Boom, Pew Research center,* Pew Research (Oct. 24, 2025), https://www.pewresearch.org/short-reads/2025/10/24/what-we-know-about-energy-use-at-us-data-centers-amid-the-ai-boom/.

[27] Mark Schipper & Jonathan Church, *Commercial Electricity Sales Have Soard in Virginia, Driven by Data Centers*, U.S. Energy Info. Admin. (May 5, 2026), https://www.eia.gov/todayinenergy/detail.php?id=67664.

[28] PJM, 2026 PJM Load Forecast Report, 6 (Jan. 14, 2026), https://www.pjm.com/-/media/DotCom/library/reports-notices/load-forecast/2026-load-report.pdf.

PJM's expected data center load growth is incompatible with current generation development timelines that have increased due to a slow interconnection process, supply chain issues, a lack of proactive, multi-value regional transmission planning, and the slow pace of network upgrade construction. While developers can typically build hyperscale data centers within 18 to 24 months, new generation resources can spend 4 to 5 years in interconnection queues and endure lengthy siting, permitting, and construction processes before coming online.[29] Transmission upgrades can take even longer, with average timelines ranging from 7 to 10 years to plan, approve, and build.[30] In short, it takes far longer to build new power plants than data centers.

As a result of its supply and demand imbalance, PJM has fallen short of its Reliability Requirement for the past two RPM Base Residual Auctions ("BRAs") for delivery years 2027/2028 and 2028/2029. PJM's 2028/2029 BRA cleared 6,831.3 MW short of PJM's reliability requirement, while the 2027/2028 BRA cleared 6,6623 MW short.[31] While PJM has suggested that these gaps may narrow as the delivery year approaches,[32] the trend is concerning. PJM expects that without its Reliability Backstop Procurement, the 2029/2030 BRA in December of this year will also clear short.[33] Falling below the reserve margin means that PJM

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[29] Rachel Mural et. al, *Data Centers and Large-Scale Electric Growth: The Virginia and Texas Experiences*, Belfer Ctr. For Science and Int'l Aff. (Apr. 20, 2026), https://www.belfercenter.org/research-analysis/data-centers-texas-virginia-comparison.
[30] *Id.*

[31] IRAS Filing, *supra* note 2, at 14.
[32] *PJM Auction Procures 134,479 MW of Generation Resources*, PJM Inside Lines (Dec. 1, 2025) https://insidelines.pjm.com/pjm-auction-procures-134479-mw-of-generation-resources/
[33] *PJM Interconnection, L.L.C.,* Reliability Backstop Procurement to Address Resource Adequacy Concerns Stemming from Large Loads, Docket No. ER26-3380-000 (Jul. 31, 2026), Accession No. 20260731-5214 ("RBP Filing"). PJM's filing is pending at FERC. PIOs filed a

has to operate with slimmer reserves and endure more reliability risks.[34] The North American Electric Reliability Corporation ("NERC") has classified PJM as an elevated risk area from 2026 to 2028 and a high risk area from 2029 onward.[35] NERC predicts that as data center load growth continues to increase in the coming years, the risk of reliability shortfalls will increase as well.[36]

B. PJM's supply and demand imbalance is causing high capacity prices, leading to historically high bills for all ratepayers.

PJM's market is also facing unsustainably high prices. The past three BRAs cleared at the price cap, clearing at $325/MW-day in the 2028/2029 BRA,[37] $333.44/MW-day in the 2027/2028 BRA,[38] and $329.17/MW-day in the 2026/2027 BRA.[39] For reference, PJM's 2024/2025 BRA cleared at only $28.92/MW-day and at $269.92/MW-day in the 2025/2026 BRA.[40] PJM's independent market monitor ("IMM") estimated that data centers caused 63% of the increase in prices in the 2025/2026 BRA, resulting in an increase of $9.3 billion in higher costs for PJM customers.[41] As of January 2026, the IMM estimated that the costs to the other

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Limited Protest in response to PJM's RBP proposal, largely supporting PJM's proposal. *See Sierra Club & NRDC*, Limited Protest of Public Interest Organizations, Docket No. ER26-3380-000 (Aug. 21, 2026), Accession No. 20260821-5180.

[34] *PJM Capacity Auction Procures 138,318 MW of Generation Resources as Work Continues to Address Growing Electricity Demand*, PJM Inside Lines (Jul. 14, 2026), https://insidelines.pjm.com/pjm-capacity-auction-procures-138318-mw-of-generation-resources-as-work-continues-to-address-growing-electricity-demand.

[35] N. Am. Elec. Reliability Corp. ("NERC"), 2025 Long Term Reliability Assessment (Jan. 2026), https://www.nerc.com/globalassets/our-work/assessments/nerc_ltra_2025.pdf.

[36] NERC, 2025 Long Term Reliability Assessment, *supra* note 35.

[37] IRAS Filing, *supra* note 2, at 14.

[38] *Id.* at 14.

[39] PJM, 2026/2027 Base Residual Auction Report, 3, 5 (Jul. 22, 2025), https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2026-2027/2026-2027-bra-report.ashx.

[40] *Id.* at 5.

[41] Cathy Kunkel, *Projected Data Center Growth Spurs PJM Capacity Prices by Factor of 10*, Inst. for Energy Econ. And Fin. Analysis (Jul. 30, 2025), https://ieefa.org/resources/projected-data-center-growth-spurs-pjm-capacity-prices-factor-10 ("Kunkel, Projected Data Center Growth").

customers increased by $23 billion as a result of data center demand in the 2025/2026, 2026/2027, and 2027/2028 BRAs.[42]

PJM's increased capacity costs are raising ratepayers' bills. In June 2025, Pepco customers in Washington, D.C. saw their bills increase by $21 per month, and D.C.'s Office of Consumers' Counsel attributed about half of that increase to the spike in capacity market prices.[43] Similar trends are expected across PJM. In June 2026, PJM customers collectively began paying an additional $1.4 billion in capacity market costs driven by data center demand.[44]

The increase in PJM's capacity market prices has sparked concern from the White House, the 13 PJM states, the PJM board, residential ratepayers,[45] and from data center companies themselves. On January 15, 2026, the White House's National Energy Dominance Council and the governors of the PJM states signed a joint Statement of Principles Regarding PJM, urging PJM to hold a Reliability Backstop Auction to procure new capacity resources for data centers and allocate the costs of that new capacity to LSEs with new data centers that have not procured their own new capacity.[46] Similarly, on January 16, 2026, the PJM board released a board decisional letter that directed PJM staff to develop several proposals to address reliability and

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[42] Monitoring Analytics, Analysis of the 2027/2028 RPM Base Residual Auction Part A, 3 (Jan. 5, 2026), https://www.monitoringanalytics.com/reports/Reports/2026/IMM_Analysis_of_the_20272028_RPM_Base_Residual_Auction_Part_A_20260105.pdf.
[43] Kunkel, Projected Data Center Growth, *supra* note 41.
[44] *Id.*
[45] Including members of the PIOs.
[46] Statement from the White House Nat'l Energy Dominance Council & PJM Governors of Principles Regarding PJM (Jan. 15, 2026), https://www.energy.gov/documents/statement-principles-regarding-pjm.

affordability challenges caused by large load additions in PJM.[47] Like the White House and PJM Governors' Statement of Principles, PJM's board urged PJM staff to initiate a process to enable curtailment of large loads that do not bring their own new capacity or participate in a reliability backstop auction.[48]

The largest AI data center companies and developers in the country signed the White House's Ratepayer Protection Pledge—introduced on March 4, 2026, and expanded in July—a voluntary commitment from data center owners to build, bring, or buy the new generation resources needed to satisfy their new energy demands and pay the *full* cost of those resources.[49]

From April through June 2026, PJM held meetings through the Critical Issue Fast Path – Reliability Backstop Procurement / Connect & Manage process. The work products associated with that process include both the IRAS Filing and the RBP Filing.[50] These filings constitute major components of PJM's effort to comply with the Board's directive in the January 16 letter.

II. The Commission should accept PJM's Interim Resource Adequacy Service and Large Load Registry with modifications to better achieve the IRAS's objectives.

For the reasons detailed below, PIOs generally support PJM's Interim Resource Adequacy Service and Large Load Registry proposal. But PIOs urge the Commission to exercise its authority to modify the proposal to better accomplish PJM's objectives to: (1) promote reliability by requiring new large loads to be curtailable until they bring new capacity to meet

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[47] Letter from David E. Mills, Chair, PJM Board of Managers, to PJM Stakeholders on Critical Issue Fast Path – Large Load additions (Jan. 16, 2026), https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2026/20260116-pjm-board-letter-re-results-of-the-cifp-process-large-load-additions.pdf.

[48] *Id*.

[49] White House Ratepayer Protection Pledge, *supra* note 11.

[50] *See* IRAS Filing, *supra* note 2; RBP Filing, *supra* note 33.

their needs; (2) promote affordability by requiring new large loads to pay for their own new capacity and avoid shifting costs to residential and other existing ratepayers; and (3) provide states and LSEs with sufficient information to ensure that it is new large loads and not existing customers are who curtailed when new large loads fail to BYONC and/or charged for capacity used to serve new large loads.

Specifically, the Commission should accept PJM's proposal, but only on the conditions that PJM make the following modifications: (1) ensure IRAS and BYONC requirements are permanent for all new large loads regardless of PJM's resource adequacy status or else require that PJM always include New Large Loads in the Reliability Requirement when determining whether the IRAS program may go to sleep; (2) require PJM to create a penalty applied to LSEs that fail to curtail when PJM makes an IRAS curtailment request; (3) either eliminate the compensation for IRAS resource curtailment or require PJM to cap the compensation awarded to IRAS loads at no more than the amount the new large load paid in capacity charges for the relevant delivery year; and (4) require PJM to only allow new large loads to BYONC with supply resources located in a zone that is not constrained with regard to the zone in which the new large load resides.

DISCUSSION

I. The IRAS Framework is just and reasonable and not unduly discriminatory.

Overall, the IRAS proposal presents a just and reasonable approach to protect reliability and fairly allocate costs among PJM customers and zones. Without the IRAS proposal, PJM customers will be doomed to bear ever-rising costs and degrading reliability as large loads consistently outpace new supply. This reality warrants new rules. The IRAS framework is an essential course-correction that will help rectify years of public subsidization of large load

capacity costs, protect customers from emerging reliability risks, and respect jurisdictional boundaries. While we propose narrow but important modifications to make IRAS more effective, PIOs strongly support the overarching IRAS framework.

As described above, the IRAS Filing has distinct components which all must operate together to form a comprehensive solution. PJM proposed to establish a Large Load Registry, require LSEs to ensure that New Large Loads BYONC, implement IRAS load reduction requests prior to Pre-Emergency Load Management Response, and remove New Large Loads that do not BYONC from the VRR Curve in the capacity auction. These comments will refer to New Large Loads that do not BYONC as "unmatched large load." The interplay between these components is essential to the function of the IRAS proposal. Together, these components can be referred to as the "IRAS Framework."

The IRAS Framework is not unduly discriminatory because it recognizes that large load customers are differently situated from other customers due to their outsized impacts on other customers' costs, resource adequacy, and reliability risks. Similarly, the IRAS Framework is jurisdictionally sound because it respects the roles of PJM, states, end-use customers, and Electric Distributors ("EDs") outlined in the Federal Power Act. Finally, the IRAS Framework ensures just and reasonable rates by removing unmatched large loads from the capacity auction, ensuring that new large loads are responsible for their own capacity costs.

A. Large load customers are differently situated from other customers.

Large load customers are differently situated than traditional residential and commercial customers and warrant new rules and obligations. The IRAS Filing correctly recognizes this distinction and applies new responsibilities to large loads, through their EDs, that will protect other customers from unjust costs and reliability risks.

Large loads are unlike other customers. Traditional residential and commercial loads grow slowly and predictably over decades, but large loads grow rapidly and unpredictably, with massive, hyper-concentrated impacts on the electricity system. Large loads are also distinct from organic load growth because the pace of large load development is significantly faster than the construction timeline of new supply. Slower and more diffuse organic load growth is easier to satisfy under current generation development timelines, whereas large loads that can come online much more quickly than new power plants cause distinct challenges for reliability and affordability throughout the PJM region. Indeed, this distinct load growth pattern has already led to significant documented impacts on costs and reliability. First, large loads have driven capacity and energy market price spikes and shifted costs to other customers. As the PJM Independent Market Monitor ("IMM") recently remarked, "[l]arge data center load additions have already had a significant and irreversible impact on PJM customers that will be paid through May 31, 2029, and will have additional significant impacts on other customers as a result of higher transmission costs, higher energy market prices and higher capacity market prices."[51] Two years ago, PJM's 2025/2026 Base Residual Auction cleared at a (then) record high of $269.92/MW-day, raising the total regional capacity bill from $2.2 billion to $14.7 billion. Since then, three additional auctions have cleared at the administrative cap, resulting in roughly $63.6 billion total in bills paid by all customers in PJM through 2029.[52] Similarly, energy prices have jumped 40.2% since 2025, from

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[51] Monitoring Analytics, L.L.C., Quarterly State of the Market Report for PJM: January through June (Q2), 2 (Aug. 13, 2026), https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2026/2026q2-som-pjm.pdf ("Monitoring Analytics Q2 Report").

[52] Ethan Howland, *Data Centers Drove $6.3B in PJM Capacity Auction Costs: Market Monitor*, Utility Dive (July 20, 2026). https://www.utilitydive.com/news/pjm-data-centers-capacity-auction-imm-bowring/825626/

$51.8/MWh to $72.5/MWh. Total wholesale power costs have increased 54% since 2024.[53] These higher costs are caused almost exclusively by forecast large loads outpacing new supply.[54] When a single segment of commercial demand leads to multi-billion-dollar regional wholesale price increases, it ceases to be standard incremental load growth and warrants urgent structural changes to PJM's markets and reliability obligations.

Second, large loads have demonstrated outsized impacts on future resource adequacy and on real-time reliability which warrant different approaches to electric service as proposed in the IRAS Filing. As described in the Background section, PJM has cleared without sufficient capacity to meet the Reliability Requirement in both the 2027/2028 BRA and the 2028/2029 BRA due to the pace of large load growth. PJM cleared 6,623 MW and 6,831 MW short, respectively.[55] Large loads have degraded reliability from the 1-in-10 year reliability standard to closer to 1-in-3 years. PJM customers face an increased risk of blackouts starting in 2027 due to unmitigated large load growth.

Beyond these long-term capacity shortfalls, large computational loads introduce real-time operational risks to the bulk power system. The North American Electric Reliability Corporation ("NERC") documented that data center facilities pose an unprecedented reliability threat: they can instantly trip over 1,000 MW of power offline simultaneously, without time for RTOs or

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[53] Monitoring Analytics Q2 Report, *supra* note 51, at 17, tbl. 1-9.
[54] Ethan Howland, *Data Centers Drove $6.3B in PJM Capacity Auction Costs: Market Monitor*, Utility Dive (July 20, 2026). https://www.utilitydive.com/news/pjm-data-centers-capacity-auction-imm-bowring/825626/
[55] IRAS Filing, *supra* note 2, at 14.

utilities to respond, leading to the risk of cascading failures and blackouts.[56] This occurred in PJM on July 22, when nearly 4,000 MW of data center load tripped offline unexpectedly in Virginia and led to cascading actions to restore reliability.[57] The IRAS Framework recognizes the unique risks that data centers pose to resource adequacy and reliability, and appropriately proposes common-sense solutions to maintain reliability and affordability.

Longstanding precedent supports the distinct treatment of large loads. Under Sections 205 and 206 of the Federal Power Act, FERC is mandated to ensure that all rules, regulations, and practices "affecting" wholesale rates or interstate transmission service are just, reasonable, and not unduly discriminatory.[58] Large loads are clearly "affecting" wholesale rates, as described above. Moreover, FERC has also already ruled that a tariff's failure to differentiate large loads from traditional native loads is a structural deficiency.[59] In the IRAS Filing, PJM resolves this deficiency by defining Large Loads, New Large Loads, and Eligible New Large Loads and placing unique requirements on these customers through their EDs and LSEs. Likewise, FERC accepted the emergency "price collar" designed to insulate regular ratepayers from the price distortions caused by large loads.[60] The IRAS Filing follows on these precedents by removing

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[56] NERC, Level 3 Essential Action Alert: Computational Load Modeling, Studies, Instrumentation, Commissioning, Operations, Protection, and Control (May 4, 2026). https://www.nerc.com/globalassets/programs/bpsa/alerts/level-3-computational-load-alert.pdf

[57] *PJM, Dominion Review Large Load Transfer Event*, PJM Inside Lines (Aug. 11, 2026). https://insidelines.pjm.com/pjm-dominion-review-large-load-transfer-event/

[58] 16 U.S.C. §§ 824d–e.

[59] *PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,211, at P 58 (June 2026) (finding that "PJM's Tariff appears to be unjust and unreasonable because it lacks a definition of large load, as a new category of load").

[60] *PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,076 (Apr. 2026).

unmatched large load from future RPM auctions and ensuring that large loads are responsible for bringing their own supply.

More recent Commission precedent reinforces that the IRAS Filing is not unduly discriminatory but instead appropriately recognizes how large loads are differently situated from native load. The Commission recently acknowledged the unique effects that large loads are having on the transmission system and instituted a show cause proceeding directing PJM to develop specific provisions in its tariff relating to large load interconnection.[61] The Commission's Order recognizes that large loads can be more energy intensive and exhibit different load profiles, which may make providing transmission service to Eligible Customers on behalf of large loads more complex and raise more reliability concerns for the transmission system.[62] The Commission directed PJM to address several issues regarding the distinct impacts of large loads on the transmission system including: (1) the application process, study procedures and ongoing operational requirements that apply to large loads; (2) additional transparency concerning transmission costs caused by large loads; (3) new transmission services reflecting the ability of flexible large loads to limit their use of the transmission system; (4) and rates, terms, and conditions of service for electrically proximate of co-located loads.[63] The IRAS proposal addresses some of the Commission's concerns around large load interconnection, cost-transparency, and large loads' unique reliability impacts on the system by proposing a large load

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[61] *Order Instituting Proceeding Under Section 206 of the Federal Power Act*, 195 FERC ¶ 61,211 (Jun. 18, 2026)
[62] *Id.* at P 53.
[63] *Id.* at P 35.

definition, establishing a large load registry, and creating a new capacity product that seeks to allow large loads to connect, while maintaining system reliability.

B. IRAS is jurisdictionally sound and respects the roles of states and PJM.

PJM took care to compose a solution that respects the roles and responsibilities outlined in the Federal Power Act.[64] Far from encroaching on retail domains, the IRAS Framework is a model of cooperative federalism that relies on a clear division of labor between PJM, Electric Distributors, LSEs, state authorities, and end-use customers. PJM proposes new rules that directly affect wholesale market prices and grid reliability. Even if those federal rules affect retail customer behavior, they are legally sound.[65]

Throughout every element of the proposed IRAS Framework, PJM has a specific and limited role with no direct control over retail end-use customers. This is because (a) PJM relies on aggregate megawatt quantities of load and supply to implement the IRAS Framework, and (b) PJM implements IRAS Actions through Electric Distributors, who are in turn regulated by state authorities.

First, while PJM will track individual end-use customer data and supply arrangements in the Large Load Registry, it will only act based on aggregate megawatt quantities. Electric distributors will be required to track and report data about individual large load customers, but PJM will only implement IRAS Actions and add load into RPM using aggregate megawatt quantities by zone/area. This balance of *tracking* at the customer level but *acting* at the macro

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[64] *See* 16 U.S.C. § 824(b)(1) (outlining federal jurisdiction over interstate wholesale transmission and sales while explicitly reserving regulation of local distribution facilities, retail sales, and end-use consumption to state commissions).
[65] *See FERC v. Elec. Power Supply Ass'n*, 577 U.S. 260, 281 (2016) ("*EPSA*").

level using aggregate quantities by zone is a key feature that makes PJM's proposal just and reasonable and aligned with FERC precedent.[66] By tracking individual large loads and BYONC arrangements, the Registry helps ensure that EDs allocate interruptions to the correct customers during IRAS Actions. Similarly, the Registry informs PJM as to the proper quantity of load to remove from RPM until New Large Loads bring their own new supply. This careful design respects jurisdictional boundaries while also protecting other customers and overall system reliability.

Second, PJM will respect jurisdictional boundaries by directing IRAS Actions at the wholesale level. PJM will never curtail individual retail customers—instead, it uses the Registry and results from the most recent BRA to designate megawatt quantities of IRAS curtailment by zone.[67] It will be up to the Electric Distributor, overseen by state regulators, to allocate IRAS curtailments among end-use customers. This clear delineation between PJM and state-regulated entities complies with the findings of the Supreme Court, which affirmed that wholesale grid management rules are fully lawful when they target aggregate wholesale metrics and leave individual retail consumer implementation and retail cost allocation to the states.[68] Here, the Large Load Registry again protects against unintended consequences: by using actual data from large loads and BYONC to inform IRAS quantities, but then directing aggregate curtailment quantities by zone, PJM provides EDs with all the information necessary to ensure that curtailments go to the correct customers without encroaching on state authorities.

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[66] IRAS Filing, *supra* note 2, at 45–48.
[67] *Id.* at 40.
[68] *EPSA*, 577 U.S. at 279–81.

These design elements ensure that the IRAS Framework respects jurisdictional roles and is a just and reasonable approach to maintaining resource adequacy and protecting other customers.

C. Removing New Large Loads from RPM is just, reasonable, and not unduly discriminatory.

Removing New Large Loads that do not BYONC from the VRR Curve in RPM is the lynchpin of the IRAS filing and is essential to comply with cost-causation principles.[69] This provision is an urgent course-correction after three consecutive auctions that resulted in degrading reliability margins and massive public subsidies for power needed to serve large loads. The IRAS Framework does not undermine market fundamentals; rather, it correctly recognizes that one single customer class is driving unjust and unreasonable outcomes, and suggests fair changes to preserve competitive results for all ratepayers in PJM. Similarly, the provision does not block market access for large load customers—it simply clarifies commercial conditions. It is clear beyond reasonable doubt that, without this solution, the trend of high clearing prices, cross-subsidization, and degrading reliability would continue for the foreseeable future.

Removing new large loads that do not BYONC from the VRR Curve observes principles of cost causation because it prevents the RPM from forcing other ratepayers to subsidize capacity on behalf of new large loads. As described in the previous section, large loads have increased the clearing price for the last three consecutive capacity auctions as they outpace new supply. These clearing prices are spread across all customers and resulted in significantly higher utility bills for residential and commercial customers.[70] Leaving unmatched large loads in the

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[69] *See e.g., Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1368 (D.C. Cir. 2004).
[70] *See* Kunkel, Projected Data Center Growth, *supra* note 41.

VRR Curve allows them to act as "free riders"—gambling on the broader system's existing capacity safety cushion while forcing traditional public ratepayers to fund ever-higher clearing prices. This treatment flies in the face of legal precedent for cost-causation. The D.C. Circuit has acknowledged FERC's statutory mandate to ensure that costs are reasonably allocated to customers in light of the benefits they receive from the PJM system.[71] Similarly, the Seventh Circuit established that regional grid operators cannot approve market designs that force one segment of ratepayers to subsidize infrastructure expansions for another without a clear, empirical showing of proportionate benefit, which, in this case, other customers are not receiving.[72]

Similarly, PJM's proposed VRR Curve adjustment does not undermine market fundamentals. Instead, it counteracts a deep market distortion. Including massive blocks of demand that connect faster than supply can be built creates a price spike that hands windfall revenues to existing generators without actually stimulating new supply. Prices will not be artificially suppressed, nor will development be stymied, by this adjustment. On the contrary: there has never been a more lucrative investment environment for new capacity developers than the rapid influx of power-hungry large loads. PJM's accompanying BYONC framework and RBP will open new doors for rapid commercial arrangements all while ensuring power costs are paid by large loads, not other customers. The removal of unmatched new large loads from RPM does not limit their opportunities to secure supply—it simply ensures that the rest of PJM is no longer paying for that supply.

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[71] *Midwest ISO Transmission Owners v. FERC*, 373 F.3d at 1371.
[72] *Ill. Comm. Comm'n v. FERC*, 576 F.3d 470, 476 (7th Cir. 2009).

Likewise, the VRR Curve modification does not permanently bar large loads from joining PJM or from participating in the capacity market. It simply allows New Large Loads to join RPM once they BYONC. If a New Large Load fulfills its public commitments under the Ratepayer Protection Pledge through BYONC or securing supply from the RBP, its megawatt demand is added back to the VRR Curve. Requiring proof that a New Large Load has BYONC before adding the load back into the capacity market is not undue discrimination. The D.C. Circuit found that when customers are not similarly situated, it is not unduly discriminatory to establish different conditions based on a customer's unique impact on the system.[73] Here, large loads and other customers are not similarly situated for all the reasons described above, including large loads' distinct load growth pattern and extreme impacts on prices and reliability. The clear distinctions between large loads and other customers provide an ample basis for the Commission to find that they are not similarly situated and that the IRAS Framework is not unduly discriminatory. PJM maintains that it will still provide electric service for all customers, with the understanding that New Large Loads that do not BYONC may be subject to interruptions during grid emergencies if PJM does not have sufficient capacity. In other words, while unmatched large loads are excluded from PJM's capacity procurement, they are otherwise allowed to join PJM and become operational without requiring any new capacity, so long as they accept occasional interruptions.

[73] *Transmission Agency of N. Cal. v. FERC*, 628 F.3d 538, 549–50 (D.C. Cir. 2010).

II. The Commission Should Only Modify PJM's IRAS Filing to Better Accomplish PJM's Objectives.

PJM has consented to Commission modification of "any element" of its proposal, so long as the modification "is consistent with PJM's overarching objectives" in the IRAS Filing.[74] That consent is bounded by the decision in *NRG Power Marketing L.L.C. v. FERC* to not permit modifications that would produce "an entirely different rate design."[75] PJM's objectives set the limits of what modifications the Commission can require. PJM summarizes the filing as a "multi-prong approach to incent New large Loads to bring their own capacity to meet their resource adequacy needs and avoid imposing costs on ratepayers."[76] However, the IRAS Filing does not include any explicit statement of PJM's objectives. To assist the Commission's consideration of modifications to PJM's filing, PIO's explain that the text and context of PJM's filing reveal the following three objectives.

First, require new large loads to be curtailable until they bring new capacity to meet their needs. PJM describes the "foundation" of IRAS as the rule that large loads (through their LSEs) must bring new capacity in an amount equal to or greater than their contribution to peak demand, or else the load may be reduced during emergency conditions.[77]

Second, promote affordability by requiring large loads to pay for their own new capacity, avoiding cost shifts to residential and other existing ratepayers. PJM quotes the Ratepayer Protection Pledge's commitment that large loads will "build, bring, or buy" the resources their

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[74] IRAS Filing, *supra* note 2, at 9, 122.
[75] *NRG Power Mtkg. L.L.C. v. FERC*, 862 F.3d 108, 115–16 (D.C. Cir. 2017).
[76] IRAS Filing, *supra* note 2, at 124.
[77] *Id.* at 3–4.

demand requires, and repeatedly explains that the rest of PJM's load should not bear the resulting capacity-price effects.[78]

Third, provide states and LSEs sufficient information to ensure that large loads are curtailed when those loads have not brought sufficient new capacity and are charged for capacity used to serve them. The proposal assigns specific retail curtailment and retail cost allocation to state-regulated actors, and it uses the Large Load Registry as the repository of information sufficient for those making those decisions.[79]

PIOs respectfully recommend that the Commission adopt this articulation of the IRAS's objectives and use those objectives when requiring modification to the IRAS.

A. Objective One: Promote Reliability by Requiring New Large Loads to be Curtailable Until They Bring New Capacity to Meet Their Needs.

The first objective responds to a specific reliability problem caused by data centers. PJM's recent capacity auctions have cleared thousands of megawatts short of the regional reliability requirement because new large loads—principally data centers—are arriving faster than new generation and transmission can be built. PJM's operations witness explains that this mismatch threatens PJM's ability to both serve existing customers and to maintain required reserves during periods of peak demand or significant outages.[80]

IRAS addresses that mismatch by offering a deal to new large loads: receive electric service now but accept that the service is not firm. A new large load may interconnect before sufficient new capacity is in place, but the unmatched load must remain available for reduction

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[78] *Id.* at 4–5.
[79] *Id.* at 5–7.
[80] *Id.* at 13–15, 21; *see also id.* at Attach. C, Affidavit of Christopher Pilong on Behalf of PJM Interconnection, L.L.C. at ¶ 19 ("Pilong Aff.").

during defined reliability conditions. PJM expressly analogizes the proposal to service that remains "subject to curtailment and interruption" until sufficient capacity resources are in place. PJM characterizes IRAS as permitting interconnection without new capacity on the condition that the load "must reduce" or switch to on-site backup resources during some emergencies.[81] Curtailability is therefore not simply an implementation decision of the IRAS proposal. It is the consideration the new large load provides for receiving the benefit of receiving electric service before it has supplied the capacity needed to receive firm service without disrupting existing customers.

That deal for service in exchange for curtailability protects residential and other existing customers. PJM calls IRAS a tool for managing resource-adequacy shortfalls "that would otherwise drive shedding of native loads," and places an IRAS Action before Pre-Emergency Load Management Reductions.[82] A design that did not include curtailability would wholly fail to solve the reliability problem that is the foundation of the IRAS Filing.

The IRAS Filing ties the amount of a new large load's curtailment exposure to the amount of new capacity it brings to the system. The amount that PJM can call for the curtailment of a new large load is reduced by the new capacity it brings to the system, and a load ceases to be eligible for curtailment only once enough capacity exists to meet its peak demand needs.[83] PJM insists that qualifying BYONC be genuinely new, obtain capacity commitments, and remain "real and last," rather than merely relying on repackaging capacity already on the system.[84] Each

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[81] *Id.* at 4, 39, 49–50.
[82] *Id.* at 22.
[83] *Id.* at 69.
[84] *Id.* at 52–58.

increment of unmatched demand remains curtailable unless and until a corresponding increment of qualifying new capacity is available to meet it.

In evaluating the IRAS and any modifications proposed in this protest and by other parties, the Commission should ensure that the IRAS require that new large loads that do not bring their own new capacity be curtailed until they have brought enough capacity to cover their needs. A modification that improves the correspondence between curtailability and BYONC, like the modifications described below, advances this objective and falls squarely within PJM's consent.

B. Objective Two: Promote Affordability by Requiring New Large Loads to Pay for Their Own New Capacity and Avoid Shifting Costs to Residential and Other Existing Ratepayers.

The second objective comes out of the same issues that create the need for the first objective. New large loads create incremental capacity needs that would otherwise not exist. Cost-causation principles require a rate to compare the costs imposed on a customer with the burdens that customer creates or the benefits it receives.[85] Here, the new capacity is needed precisely because of the new large load's demand, so the new large load should bear the cost of adding that capacity to the PJM system.

The IRAS Filing quotes the commitment that new large loads will pay the "full cost" of the new resources their demand requires because doing so "protects Americans from higher prices."[86] PJM explains that unmatched New Large Loads would be excluded from the capacity-market demand curve because "[t]he rest of PJM's load should not be exposed to the price

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[85] *See e.g., Midwest ISO Transmission Owners v. FERC*, 373 F.3d at 1368.
[86] IRAS Filing, *supra* note 2, at 5 (quoting White House Ratepayer Protection Pledge).

impacts" of procuring new capacity for them.[87] PJM also states that the IRAS Filing's interlocking components are designed to induce new large loads to meet their capacity needs while "avoid[ing] imposing costs on [other] ratepayers."[88]

The BYONC and demand-curve provisions are specifically designed to ensure new large loads bear their costs. When a New Large Load brings qualifying new capacity, PJM adds the load to the demand curve in the same auction in which the associated BYONC enters the supply stack as a $0/MW-day price taker.[89] PJM describes this as a "symmetrical, one-for-one addition" that is "effectively price-neutral" for the rest of the market.[90] PJM explains that if BYONC could withdraw while the associated load remained in the demand curve, responsibility for that load's capacity would be transferred to PJM and "shared with other PJM loads, contrary to the purpose of the IRAS scheme."[91] Conversely, when a new large load has not BYONC, excluding it from the demand curve prevents the RPM from buying capacity for that load and spreading the price effects across existing customers.

In evaluating the IRAS and any modifications proposed in this protest and by other parties, the Commission should ensure that the IRAS does not impose the costs created by new large loads on residential and other existing customers. A modification that prevents costs created by new large loads from being imposed on existing ratepayers advances this objective and falls squarely within PJM's consent.

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[87] *Id.* at 23.
[88] *Id.* at 124.
[89] *Id.* at 55–56.
[90] *Id.* at 58.
[91] *Id.* at 56.

C. Objective Three: Provide States and LSEs With Sufficient Information to Ensure the Right Loads are Curtailed and Charged.

The third objective is necessary because PJM recognizes its lack of authority to regulate at the retail level.[92] PJM determines the aggregate MW quantity of IRAS needed in an electric distributer's ("ED") zone or area.[93] PJM then leaves "retail load reduction plans and retail cost allocation to state-level entities," and assigns EDs, acting in coordination with states, LSEs, and customers, the task of choosing which retail loads will be curtailed.[94] PJM's operations witness explains that PJM "will not direct specific New Large Loads to reduce load even though Electric Distributors . . . may issue more specific directives to specific retail customers."[95]

That division of authority makes it imperative that PJM provide a mechanism that ensures the right customers are curtailed and charged. A state, ED, or LSE cannot implement the first objectives of the IRAS Filing without unless it can identify each new large load, determine the portion of its demand that remains uncovered by new capacity, and match a reduction directive by PJM to that load rather than to residential, small-business, or other existing customers. Nor can a state implement the second objective of the IRAS Filing unless it can determine which new large load received or was credited with capacity and assign the corresponding retail cost to that customer.

PJM itself recognizes the need to provide such information. It says the Large Load Registry will facilitate "transparent implementation of IRAS" and help states monitor whether data centers and other large loads are honoring their commitment to provide for their own

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[92] *Id.* at 3.
[93] *Id.* at 6.
[94] *Id.* at 3.
[95] *Id.* at Pilong Aff. ¶ 52; *see also id.* at 82 nn. 220–21.

needs.[96] PJM also relies on stakeholder comments explaining that a registry is needed "to ensure costs and curtailments are assigned appropriately," because without one it is unclear how existing consumers could be protected from either capacity costs or curtailment.[97]

The required information must therefore be sufficiently detailed. PJM proposes that the registry identify, among other things, each load's customer and location, in-service date, peak load quantity, BYONC quantity, Allocated RBP UCAP MW, backup generation quantity, and relevant utility contracts.[98] PJM also emphasizes that the registry must be "accurate, complete, and reliable," because it will determine the MW quantity of new large loads subject to IRAS.[99]

In evaluating the IRAS and any modifications proposed in this protest and by other parties, the Commission should ensure that PJM provide states, EDs, LSEs, and any other relevant state actor with sufficient information to identify which large loads must curtail and how retail costs should be allocated. A modification that is necessary for the collection and dissemination of sufficient information needed to complete the other objectives of the IRAS Filing advances this objective and falls squarely within PJM's consent.

Taken together, these three objectives state what PJM designed IRAS to do: preserve reliability by allowing the curtailment of new large loads without BYONC, ensure that new data centers and other large loads pay their own way, and provide enough information to ensure that the right loads are curtailed and pay their share. The Commission should evaluate each proposed

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[96] *Id.* at 28.
[97] *Id.* at 30 n.85.
[98] *Id.* at 37.
[99] *Id.* at 43–44.

modification to the IRAS Filing against these objectives and should adopt PIOs' modifications described below, which will help ensure that the IRAS Filing achieves these objectives.

III. Modification 1: The Commission must ensure that the IRAS filing effectively removes new large loads from the capacity market until associated new capacity is online and deliverable.

PJM proposes to suspend the entire IRAS Framework if the PJM capacity auction meets the Reliability Requirement—not including large loads subject to IRAS—for three consecutive delivery years, but this proposal risks creating a volatile market that traps prices at the cap and invites gaming by large load customers. If this risk occurs, PJM will treat all customers the same: there will be no differentiation between large loads and other customers; no customers will have an obligation to demonstrate BYONC; there will be no IRAS load; and all load will be included in the demand curve for the capacity auction.[100] In fact, even the definition of New Large Load and BYONC—the foundation of the IRAS Framework—will be ineffective as long as the IRAS Framework is suspended.[101] PJM also proposed to turn the IRAS Framework back "on" in the event that a delivery year once again fails to meet the Reliability Requirement.

While this may seem like an innocent provision which accounts for the fact that IRAS curtailments are not needed during periods of resource adequacy, suspending the entire IRAS

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[100] *Id.* at 52.

[101] *Id.* at 39–40. The proposed definition of New Large Load includes the following specification:

> [T]o the extent three consecutive Delivery Years meet the requirements of Tariff, Attachment DD-4, section IV(b)(iii), then New Large Load shall mean end-use customer load that is either (a) a Large Load that goes into service after June 1 of the first Delivery Year for which the requirements of Tariff, Attachment DD-4, section IV(b)(iii) are not met or (b) incremental load in-service after June 1 of the first Delivery Year for which the requirements of Tariff, Attachment DD-4, section IV(b)(iii) are not met that increases the existing end-use customer load at a single electrical site that, prior to such incremental load, did not previously meet the definition of Large Load.

Framework is logically flawed and raises the risk that the capacity market will be permanently pinned at the price cap. To resolve this, the Commission should direct PJM to either (1) ensure the IRAS Framework, including BYONC requirements, is permanent for all New Large Loads, or else (2) ensure that the trigger for the IRAS program becoming inactive is the capacity market clearing for three consecutive years with sufficient supply to meet all demand *including all large loads subject to IRAS*.

A. Suspending the IRAS Framework during periods of resource adequacy risks pinning prices at the cap.

PJM will take the following steps when putting the IRAS Framework to "sleep" which, together, create economic hazards and incentivize gaming:

1. PJM's definition for New Large Load and associated obligations will not apply to any customer;[102]
2. PJM's definition for BYONC and associated obligations will not apply to any capacity;[103]

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[102] *Id.* at Attach. B, Revisions to the PJM Open Access Transmission Tariff and Resource Adequacy Agreement (Clean Format), at pdf 323 ("Proposed Tariff") (*see* Definition of New Large Load). Specifically:

> However, to the extent three consecutive Delivery Years meet the requirements of Tariff, Attachment DD-4, section IV(b)(iii), then New Large Load shall mean end-use customer load that is either (a) a Large Load that goes into service after June 1 of the first Delivery Year for which the requirements of Tariff, Attachment DD-4, section IV(b)(iii) are not met or (b) incremental load in-service after June 1 of the first Delivery Year for which the requirements of Tariff, Attachment DD-4, section IV(b)(iii) are not met that increases the existing end-use customer load at a single electrical site that, prior to such incremental load, did not previously meet the definition of Large Load.

[103] *Id.* at Proposed Tariff, pdf 287 (*see* Definition of "Bring Your Own New Capacity"). Specifically:

> However, to the extent three consecutive Delivery Years meet the requirements of Tariff, Attachment DD-4, section IV(b)(iii), then BYONC that has been included previously in

3. All load is added back into the VRR Curve and Reliability Requirement;[104] and

4. No IRAS Actions will be called.[105]

There are two problems that emerge from these steps. First, they create a perverse incentive for large loads not to fully BYONC. Second, the IRAS Framework could be suspended when PJM is not truly resource adequate, given the fact that New Large Loads that have not fully BYONC-ed will be *excluded* from the Reliability Requirement used to determine if PJM clears with adequate supply for three consecutive delivery years. Put another way, PJM will suspend the IRAS Framework without ensuring that all large loads BYONC—or even that there is adequate capacity on the system to satisfy the needs of all IRAS resources. When this unmatched large load is added back into the VRR Curve, PJM may clear at or below the Reliability Requirement. Together, these two risks effectively guarantee that prices will clear at or near the cap for the foreseeable future. PJM's market will become volatile and binary, with obligations on New Large Loads, LSEs, and new capacity resources changing every year as PJM flips the IRAS Framework "on" and "off." That outcome—a volatile market that creates unpredictable

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an FRR Capacity Plan prior to the first Delivery Year for which the requirements of Tariff, Attachment DD-4, section IV(b)(iii) are not met and (2) meet the eligibility criteria set forth in Tariff, Attachment DD-4, section VI do not qualify as BYONC.

[104] *Id.* at Proposed Tariff, pdf 293 (*see* Definitions E–F, Definition of "Excluded LDA New Large Load Amounts" and "Excluded RTO New Large Load Amounts"). The quantity of load that PJM will remove from the VRR Curve and the Reliability Requirement—rely on the definition of New Large Load, which will not apply to any customer in the event that PJM clears with sufficient capacity for three consecutive delivery years. In other words, PJM will not exclude any load from the Reliability Requirement or VRR Curve during periods of resource adequacy, regardless of if a New Large Load has actually offset load with qualified BYONC.

[105] *Id.* at Proposed Tariff, pdf 306 (*see* Definitions I-K, Definition of "Interim Resource Adequacy Service Action").

performance obligations for large loads and risks shifting costs from large loads back to consumers—would be unjust and unreasonable.[106]

PJM is currently operating under a negotiated price cap of $325/MW-day, but this cap will expire after the 2029/2030 delivery year, and the subsequent cap will be around $550/MW-day. This means residential utility bills could increase significantly under PJM's proposal.

i. Suspending the IRAS Framework will reduce the incentive for New Large Loads to fully BYONC, raising costs for other customers.

If PJM suspends the IRAS Framework, New Large Loads that fail to BYONC are "forgiven" and re-integrated into the VRR Curve. This allows them to bypass both the BYONC requirement and IRAS curtailments simply by waiting. Rather than fully offsetting their footprint with new supply, these large loads can gamble on using broader system capacity without paying for it. This creates a perverse incentive for large loads to not BYONC.

If the auction clears short again, PJM will reactivate the IRAS framework. However, the definition of a New Large Load will reset. Consequently, no penalties or retroactive requirements will apply to the large loads that successfully entered the prior auction empty-handed. This loophole creates a permanent, perverse incentive to avoid BYONC, keeping the market on the razor's edge of resource adequacy. As the IRAS framework repeatedly triggers "on" and "off" year after year, capacity prices will persistently clear at the cap, harming regular ratepayers. Additionally, by incorporating large loads that failed to BYONC back into the capacity market,

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[106] *See*, *e.g.*, *PJM Interconnection, L.L.C.*, 117 FERC 61,331, at P 48 (2006) (approving the settlement establishing the basic structure of the current capacity market based on "a substantial record showing that the [previously] existing capacity market leads to volatile prices").

PJM risks forcing other ratepayers to fund the price signals to procure capacity for those new large loads—counter to the IRAS Filing's stated goals.

ii. Suspending the IRAS Framework based on the lower Reliability Requirement which excludes New Large Loads that have not demonstrated BYONC is not an appropriate trigger.

PJM's proposal to remove New Large Loads from the VRR Curve *and* the Reliability Requirement is an appropriate way to shield other consumers from bearing the costs of capacity to serve New Large Loads. PIOs support this essential step. However, because PJM proposes to remove New Large Loads from the VRR Curve and the Reliability Requirement, the capacity market merely satisfying that lowered Reliability Requirement is not an appropriate trigger for suspending the IRAS Framework. This approach risks suspending IRAS and BYONC requirements when they are still needed, shifting costs to other customers, and pegging prices at the cap.

The moment the IRAS framework is put to sleep, those very same New Large Loads that did not BYONC, which were excluded to lower the target, will be dumped back into the market. Adding this unmatched demand back into the auction without corresponding supply pushes capacity prices ever upward toward the cap, forcing existing customers to fund the necessary new generation through inflated clearing prices—effectively subsidizing private growth at public expense. This flood of unmatched New Large Loads risks re-triggering the IRAS Framework back "on" if PJM clears short, and the cycle starts again.

B. PJM's proposal to toggle IRAS on and off creates regulatory uncertainty and whiplash for market participants.

Large loads have a demonstrated, outsized impact on reliability and costs. These impacts hold true regardless of PJM's resource adequacy situation. The entire premise of the IRAS Framework is hinged upon the fact that large loads are differently situated from other customers,

and PJM needs new rules and procedures—while respecting jurisdictional boundaries—to maintain reliability and uphold just and reasonable rates. Halting the entire IRAS Framework, including BYONC obligations for New Large Loads, and adding all New Large Loads back into the VRR Curve during periods of resource adequacy is logically inconsistent with the intent of this Filing and goes against FERC's finding in its Show Cause Order that the impacts of large loads require permanent changes to PJM's rules.

Changing the obligations for EDs during periods of scarcity and surplus is also illogical and confusing. When the IRAS Framework is active, EDs have many obligations and responsibilities: tracking and reporting New Large Loads and associated BYONC for the Large Load Registry and for the RPM Planning Parameters, verifying IRAS quantities, and of course actually implementing IRAS curtailments, to name a few. EDs may have additional obligations placed on them by state regulators to, for example, allocate IRAS curtailments to specific end-use customers. When the IRAS Framework is suspended, all of these responsibilities go away. But, as soon as the Framework is re-instated, EDs are once again required to fully implement IRAS. EDs are the fascia of the IRAS Framework: without their cooperation, the proposal falls apart. This proposal promises persistent whiplash for EDs, eroding trust and leading to confusion that could materially harm other customers or even large load customers themselves.

Additionally, changing the obligations for new capacity resources creates cost risks. PJM requires BYONC to meet certain criteria[107] and to offer into RPM at a bid of $0 for at least 10 delivery years. But, when PJM suspends the IRAS Framework, all of these obligations are

[107] IRAS Filing, *supra* note 2, at Proposed Tariff, pdf 376, Section VI: Bring Your Own New Capacity Criteria.

removed for existing and new BYONC. That means that existing BYONC paid for by large loads can begin bidding higher costs into the capacity auction, potentially driving prices up for all customers.

C. The Commission should modify PJM's IRAS Filing to make the IRAS Framework Permanent or correct the Reliability Requirement Trigger.

To resolve the issues identified above, the Commission should direct PJM to either (1) ensure the IRAS Framework, including BYONC requirements, is permanent for all New Large Loads regardless of PJM's resource adequacy status, or else (2) ensure that the trigger for IRAS being turned off is the capacity market clearing for three consecutive years with sufficient supply to meet all demand including large loads subject to IRAS.

The simplest fix would be to ensure the IRAS Framework is permanent. This would entail removing the provision to suspend the IRAS Framework after three consecutive delivery years of sufficient supply. It would also entail changing the definitions of New Large Load and BYONC to ensure there is no "carve out" for periods when PJM is resource adequate.[108] New Large Loads will maintain the same definition regardless of PJM's capacity status, and will be required to BYONC or be interruptible under IRAS. PJM is correct that during period of resource adequacy, no IRAS Actions need to be called. But PJM's existing IRAS Framework already allows this; there is no need to toggle IRAS off merely because resources will not be curtailed during times of ample resource adequacy. IRAS Actions will only be called when PJM

[108] *Supra* note 103. Specifically, PJM should remove the section of the definition for New Large Load and BYONC that changes the definitions "to the extent three consecutive Delivery Years meet the requirements of Tariff, Attachment DD-4, section IV(b)(iii)."

experiences a capacity shortfall, and the quantity of IRAS will match the shortfall. During periods of resource adequacy or surplus, no IRAS Actions will be taken.

Alternatively, the Commission could require PJM to clarify the trigger for the IRAS program becoming inactive. Under PJM's proposal, the trigger for the IRAS program becoming inactive is when the capacity market clears for three consecutive years in excess of the Reliability Requirement, which does not include large loads subject to IRAS. As described above, this proposed trigger is unjust and unreasonable because it could lead PJM to suspend the IRAS program before the region actually has sufficient supply to meet all demand including new large loads. In other words, the proposed trigger risks PJM suspending the IRAS program while it is still needed. To prevent that outcome, the Commission could require PJM to clarify that the trigger for suspending the IRAS program is when the capacity market clears for three consecutive years with sufficient supply to meet *all* demand *including large loads subject to IRAS.*[109]That clarification would ensure that PJM does not suspend the IRAS program while it is still needed. However, that modification would not necessarily ensure that large loads are responsible for paying for and bringing their own new capacity online. For that reason, PIOs' first recommendation is that the IRAS program simply be permanent. However, modifying the

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[109] This clarification should be simple to implement by modifying PJM's proposed language in Tariff Attachment DD-4, section IV(b)(3). While PIOs defer to PJM and the Commission regarding the specific Tariff language for this clarification, PIOs believe it could be effectuated through the following modification:

> In the event ([the amount of Capacity Resources committed for a given Delivery Year (as determined after the Third Incremental Auction) equals or exceeds the PJM Region Reliability Requirement including all large loads subject to IRAS determined prior to the Third Incremental Auction] divided by the Pool-wide Accredited UCAP Factor), then the Office of the Interconnection does not need any Eligible New Large Loads to be available to provide Interim Resource Adequacy Service for that Delivery Year.

trigger for IRAS suspension as described here would be an acceptable alternative because it would avoid the IRAS program being suspended while the region lacks supply to meet the demand of large loads subject to IRAS.

Either way, PJM must close this loophole that could pin prices at the cap, harm other customers, and produce a volatile market with constantly changing expectations.

IV. Modification 2: The Commission Should Modify the IRAS Filing to Include Penalties When Eligible New Large Loads Fails to Curtail

With the IRAS Framework, PJM permits new large loads to obtain "speed to power" before bringing sufficient capacity online.[110] In exchange, the unmatched portion of that load remains available for curtailment during defined reliability conditions.[111] That bargain works only if the reduction obligation is real. A load that continues drawing electricity when directed to reduce receives the benefit of accelerated service without providing the promised reliability protection.

PJM's proposal does not have any penalty if a new large load subject to IRAS fails to curtail. Attachment DD-4 authorizes PJM to issue an Interim Resource Adequacy Service Action, directs an ED to implement a specified aggregate reduction among new large loads in its zone or area, and requires all eligible loads to be available to curtail,[112] but it does not establish a consequence if a large load fails to reduce. The IRAS Filing would pay a load that performs, but nothing holds the load accountable if it does not.

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[110] IRAS Filing, *supra* note 2, at 94.
[111] *Id.*
[112] *Id.* at Proposed Tariff, Attach. DD-4 (Interim Resource Adequacy Service), pdf 540–42.

PJM's operations witness explains that IRAS will be deployed before Pre-Emergency Load Management Reduction Actions.[113] This creates a new step "prior to impacting existing customers."[114] If reduction from IRAS are not curtailed, PJM may discover the shortfall only during the emergency, when the system has the least time and flexibility to respond. The Commission should not approve a purported reliability service that relies only on carrots and has no sticks.

A. Commission Precedent Supports Operational and Financial Consequences When a Lage Load Fails to Curtail.

The Commission addressed the same lack of performance penalties when establishing PJM's new transmission services for flexible and co-located loads. Those services were designed for customers "willing and able to limit their withdrawals from the transmission system under certain conditions."[115] The Commission found that both operational and financial penalties for nonperformance were just and reasonable.[116]

IRAS embodies a similar bargain as the flexible and co-located loads proceedings. PJM permits a new large load that does BYONC to interconnect before it supplies necessary capacity to support firm service. In exchange, the load must remain available for curtailment. Indeed, PJM invokes the new transmission services as a precedent for the straightforward bargain reflected in the IRAS Filing.[117] Curtailability is no less foundational here, and an unexcused failure has the same basic risk that the system would continue to experience withdrawals that PJM's emergency

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[113] *Id.* at Pilong Aff. ¶ 20.
[114] *Id.* at Pilong Aff. ¶ 26.
[115] *PJM Interconnection, L.L.C.,* 193 FERC ¶ 61,217, at P 15 (2025) ("Co-location Order").
[116] *Id.* at P 515.
[117] IRAS Filing, *supra* note 2, at 20–21.

procedures assumed would stop. The Commission should, therefore, require operational penalties for non-performance under the IRAS. If the Commission declines to require operational penalties for IRAS loads that fail to curtail, then the Commission should, at the very least, require financial penalties.

B. The Commission Should Require Operational Penalties for Failure to Curtail.

The Commission should condition acceptance of the IRAS Filing on the implementation of nonperformance penalties, consistent with its previous finding that loads that fail to curtail as required under non-firm transmission service agreements "should be subject to unreserved use penalties."[118] At a minimum, the IRAS proposal should require each ED after an IRAS action to report the MW quantity directed, the aggregate MW reduction achieved, and any shortfall. Where the ED can, it should include the called or curtailed load's Large Load Registry identifier, directed MW reduction, actual reduction, and the reason for any shortfall. Failure by an ED to reduce the load during an IRAS action should result in an operational penalty of either a termination of service or a pause in service, consistent with the Commission's June 18th Order in PJM's Co-location docket.

The Commission's December Show Cause Order directed PJM to establish an appropriate penalty charge and "any other remedial action" that PJM should take to address a customer's unreserved use of the transmission system or excess energy withdrawals. PJM established three different penalties—pause in service, disqualification, and financial penalties—where data centers fail to follow Load Shedding and Curtailment directives, face misoperation of

[118] Co-location Order, 193 FERC ¶ 61,217, at P 212.

necessary control technology, or make unreserved use of the transmission system. PJM explicitly acknowledged that these operational penalties were necessary because financial penalties would not be sufficient to incentivize data centers to follow curtailment procedures.[119]

The Commission found that it was just and reasonable for PJM to impose operational penalties because PJM's new transmission services were designed based on the assumption that Eligible Customers would be willing and able to limit their withdrawals from the transmission system, and because of the significant reliability risks that would occur if Eligible Customers failed to limit their withdrawals from the system.[120] PJM and the Commission agreed that the consequences of Remedial Action Scheme ("RAS") failure or failures to follow curtailment directives are severe. A data center's RAS misoperation or failure to comply with curtailment directives could have serious consequences, including the loss of all interim or non-firm load in one area—or even cascading outages across the Eastern Interconnection.[121] PJM found that strict penalties were needed to mitigate these significant reliability risks posed by customers who disregard or fail to follow Load Shed and Curtailment procedures.[122] PJM reasoned that its penalties were just and reasonable and consistent with the assumptions underlying its new

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[119] *Initial Brief of PJM Interconnection, L.L.C.*, Docket No. EL25-49-000, at 50 (Feb. 23, 2026), Accession No. 20260223-5189 ("PJM Initial Brief").
[120] *Order on Rehearing, Clarification, Compliance Filing, and Paper Hearing*, 195 FERC ¶ 61,209, at P 515 (2026) ("Order on Rehearing"). The Commission declined to adopt PJM's proposed replacement rate because the Commission found that PJM's proposal to completely disqualify an Eligible Customer from taking any of the new transmission services after the first instance of failing to curtail was excessive. Instead, the Commission found that it would be just and reasonable for PJM to establish an operational penalty where PJM would terminate the transmission service agreement with the Eligible Customer after the second instance of failing to follow a curtailment or load shedding directive.
[121] PJM Initial Brief, *supra* note 119, at Attach C., Affidavit of Matthew Wharton on behalf of PJM Interconnection, L.L.C., ¶ 21, 22 ("Wharton Affidavit").
[122] PJM Initial Brief, *supra* note 119 at 6, 41–42.

transmission services, which were that (1) Eligible Customers taking PJM's new services were "willing and able to control their withdrawals from the transmission system;" and (2) the new transmission services were designed to allow PJM to maintain system reliability.[123] PJM stated that allowing customers to connect to the transmission system on the condition that they would control their energy withdrawals as necessary, but then not penalizing the customers for failing to perform would run counter to the Show Cause Order and would "implicitly bless such dangerous behavior."[124]

The Commission should apply similar penalties to the IRAS framework because, like PJM's new transmission services, IRAS was designed on the assumptions that (1) IRAS resources will reduce their load or switch to on-site backup resources when called; and (2) IRAS will maintain system reliability. First, PJM describes IRAS as "a service that specifically allows for Large Loads to interconnect without bringing their own capacity, on the condition that 'they must reduce their load or switch to on-site backup resources under specific, limited' emergency conditions."[125] Like in the case of PJM's new transmission services, the "straightforward bargain" here is that IRAS resources agree to reduce their MW load in exchange for getting to interconnect quickly to PJM's transmission system.[126] Like PJM previously stated, allowing customers to connect to the system on the condition that they will curtail when called, but not penalizing them when they fail to curtail, would fail to ensure that customers will actually uphold

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[123] *Id.* at 42.
[124] *Id.*
[125] IRAS Filing, *supra* note 2, at 39 (citing PJM, *CIFP Framework for Service During Periods of Insufficient Resource Adequacy—PJM Proposal*, at 1 (Jul. 27, 2026), https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2026/20260727-cifp-framework-for-service-during-periods-of-insufficient-resource-adequacy-executive-summary.pdf).
[126] *Id.* at 95.

their end of the bargain. Here, a broken promise wouldn't just be a sweet deal for data centers, it would mean potential loss of load events or cascading outages across the Eastern Interconnection.

Second, like PJM's new transmission services, IRAS was specifically designed to "maintain system reliability" as PJM integrates New Large Loads to the PJM Region.[127] However, the reliability risks if IRAS loads fail to curtail will be even greater than in the case of the Eligible Customers taking PJM's new transmission services. IRAS will become available under an EEA1, prior to deploying Pre-Emergency Load Management Reductions, but after PJM's new non-firm transmission services (which are subject to PJM's operational penalties).[128] This means that IRAS curtailments will be deployed closer to an emergency than PJM's non-firm services, and IRAS loads are therefore more essential to curtail to protect system reliability. IRAS is essentially the last stop before pre-emergency procedures. To mitigate the risks of system emergencies, the Commission should modify PJM's IRAS framework to include strong operational penalties to ensure that IRAS loads curtail when called, or have their service terminated if they fail to curtail. Because IRAS will be called even closer to an emergency than non-firm transmission services, and their curtailment is therefore even more important, PJM's penalties for IRAS nonperformance should be at least as strong as the penalties the Commission accepted for PJM's new non-firm transmission services, which were to terminate an Eligible Customer's transmission service after the second instance of failing to follow a curtailment or

[127] *Id.* at 75.
[128] *Id.* at 77–78.

load shedding directive and establish a suspension in service for a period of up to 120 days after the first misoperation of necessary control technologies.[129]

Similar to how PJM will issue MW load reduction directives to EDs to implement IRAS reductions,[130] PJM can issue directives to EDs to terminate service for the amount of MWs that did not show up during an IRAS action. As with the IRAS reductions, PJM does not need to direct EDs to terminate service for specific New Large Loads, but may direct EDs to terminate service for an aggregate MW load amount. The EDs, subject to state regulation, will ultimately be responsible for determining which individual retail customers face suspension or termination of service.

C. If the Commission declines to impose operational penalties, then the Commission should modify PJM's proposal to include financial penalties.

Financial penalties are insufficient to ensure that IRAS loads will curtail as directed, but if the Commission declines to require operational penalties for the IRAS framework, then the Commission should implement financial penalties for IRAS loads that fail to curtail so that there is some disincentive for failures to curtail. As it stands, absolutely no penalty for an IRAS load's failure to curtail is inadequate and inconsistent with PJM's and the Commission's prior approach to curtailment enforcement.

In its initial brief in the Co-Location docket, PJM found that financial penalties alone are insufficient to incentivize data centers to comply with load shed and curtailment directives.[131] Large load customers have virtually unlimited capital and high contractual uptime requirements,

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[129] Order on Rehearing, 195 FERC ¶ 61,209 at PP 515, 516.
[130] IRAS Filing, *supra* note 2, at 26.
[131] PJM Initial Brief, *supra* note 119, at 50.

giving them little to no incentive to curtail. An effective financial penalty must be more than merely the cost of doing business for wealthy large loads. But research suggests that there is no price level currently observed in wholesale markets where certain data center loads will curtail.[132]

If the Commission declines to impose operational penalties as part of the IRAS Framework, then it should consider the financial realities of the large loads likely to take service under the IRAS Framework—mostly data centers—when devising any financial penalties. In light of the fact that recent evidence suggests that financial penalties are unlikely to alter data centers' behavior—and PJM's own representation that financial penalties would not be effective in the non-firm transmission services context—financial penalties for IRAS resources that fail to curtail may need to be severe in order to be effective. If the Commission imposes a system of severe financial penalties for IRAS resources that fail to curtail, then those penalties should fund refunds to other consumers. A refund to load funded by IRAS penalties would be appropriate in light of the reliability risks that other consumers would experience when IRAS resources fail to curtail.

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[132] In February 2026, Hans Royal, Senior Director of Renewable Energy and Carbon Advisory at Schneider Electric, introduced the Compute Heat Rate, which is the first measurement to quantify the maximum electricity price at which AI computation remains economically viable, i.e. the demand-side price tolerance for data centers relative to curtailment thresholds. Royal's preliminary analysis found that for four data center workload tiers, AI demand will not curtail at any price level currently observed in U.S. wholesale markets. Hans Royal, *The Compute Heat Rate: Quantifying AI-Driven Electricity Price Tolerance and its Implications for Wholesale Market Repricing*, 8 (June 2026), https://ssrn.com/abstract=6322318.

V. Modification 3: The Commission Should Reject IRAS Compensation or, in the Alternative, Limit Any Payment to a Make-Whole Payment for Capacity Charges.

PJM accurately describes the IRAS framework as a "straightforward bargain."[133] Unmatched large loads are allowed to receive service on the condition that they curtail when needed. This allows data centers to achieve "speed to power" without jeopardizing the reliability of residential and other customers.[134] This is a fair trade that PIOs endorse. PJM, however, goes further by adding a second benefit for large loads that do not BYONC: a payment equal to 50 percent of the Capacity Performance Non-Performance Charge Rate, funded by other customers. The Commission should reject that added payment. Required IRAS curtailment is the condition on which unmatched large loads receive accelerated service, not an independently procured product for which other customers should pay.

PJM describes the IRAS compensation as a "discount on capacity costs" whose "net result is a reduced capacity charge" for a new large load that does not BYONC.[135] That description does not justify an incentive payment. The new large load already receives the benefit of "speed to power" in exchange for being curtailable. The Commission should instead establish a zero-dollar wholesale rate for curtailment. Alternatively, if the Commission concludes that a curtailed large load should receive an adjustment for capacity charges, the aggregate compensation paid to that load for a delivery year should not exceed the lesser of (1) the aggregate compensation calculated under PJM's filed rate or (2) the capacity charges actually assessed to and paid by that load for the delivery year, prorated to reflect the verified amount and

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[133] IRAS Filing, *supra* note 2, at 94.
[134] *Id.*
[135] *Id.* at 104.

duration of curtailment. That alternative would be a make-whole adjustment, rather than an incentive or a windfall.

A. Curtailability Is a Condition of Speed to Power, Not a Separately Compensable Service.

An Eligible New Large Load does not provide IRAS curtailment as an independently procured capacity or demand-response resource. It becomes subject to IRAS because it seeks to interconnect and consume electricity before arranging sufficient new capacity to meet its needs. PJM calls this a "straightforward bargain": the new large load receives speed to power but accepts curtailment during emergencies if it does not BYONC.[136]

Curtailability is the consideration the unmatched large load gives in return for speed to power. PJM has not shown that a second, consumer-funded payment is needed to induce compliance with the condition that makes speed to power possible. Paying for ordinary compliance would upend that bargain by forcing consumers to pay for a service for which large loads are already compensated through speedy interconnection. This flies in the face of the Ratepayer Protection Pledge and White House Statement of Principles.

The Commission's recent treatment of PJM's conditional transmission services confirms the distinction. There, the Commission explained that the "fundamental principle" supporting the new services was participating loads' willingness and ability to limit their withdrawals under specified conditions.[137] The Commission required an operational and financial consequences for failure to limit withdrawals, but it did not establish a payment to a conditional load merely for complying with a curtailment order.

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[136] *Id.* at 94.
[137] Order on Rehearing, 195 FERC ¶ 61,209, at P 519.

PJM justifies its IRAS payment by noting that it uses the same 50 percent of the Non-Performance Charge Rate used in the Pre-Emergency Load Response proceeding.[138] In that case, however, the payment is funded by resources that underperformed during a curtailment event and only paid to resources that overperformed.[139] Here, the curtailing large loads are not being paid for overperforming through penalties imposed on underperforming large loads, but rather is being paid for anticipated performance—for which they have already been compensated through speed to power. Moreover, the payment to curtailing large loads does not come from underperforming resources that earned a penalty, but is instead borne by other customers who should not be forced to subsidize large loads performing as directed.

In justifying the IRAS process, PJM invokes *Tenaska Clear Creek Wind*, where the Commission found that a generator whose early operation caused the need for network upgrades could be curtailed until those upgrades were complete so that the cost-causing customer bore "the system-reliability burdens that flow from its decision to operate prior completion of the required network upgrades."[140] The same principle supports a zero-dollar rate for curtailment. The party electing accelerated service should bear the reliability condition that accompanies that election, not transfer the burden of its early operation to existing customers. If the Commission nevertheless accepts PJM's separate capacity-charge premise, that premise supports only the alternative, limited refund described below.

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[138] IRAS Filing, *supra* note 2, at 102 n.271 (citing *PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,253 (2026)).
[139] *PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,253, at P 4 (2026).
[140] *See* IRAS Filing, *supra* note 2, at 99 n.264 (citing *Tenaska Clear Creek Wind, L.L.C. v Sw. Power Pool, Inc.,* 183 FERC ¶ 61,043, at P 24 (2023)).

B. Cost Causation Principles Support a Zero-Dollar Rate or a Capacity-Charge Credit.

The Federal Power Act's just-and-reasonable standard incorporates cost causation. Rates must be roughly commensurate with the costs imposed or the benefits received by any given ratepayer.[141] PJM's proposed default rate does not satisfy that standard.

The customers—including residential customers—who would be charged to pay large loads under the IRAS process did not cause the capacity need associated with an unmatched large load's decision to interconnect before bringing online the capacity it requires. Nor does the curtailment transform the load into a new capacity resource that those customers procured. Existing customers already pay for reliable service through the RPM. IRAS curtailment does not provide existing customers with a service, it simply restores the reliability that would exist absent the demand from unmatched large loads.

Nor can it be said that customers who must pay the Eligible New Large Loads for curtailing receive a benefit for not being curtailed themselves. Forcing them to pay for this putative benefit is more akin to the extortion of a mob protection racket than receiving security from an outside threat. Even if the Commission characterizes emergency avoidance through a pre-emergency calling of Eligible New Large Loads as a regional benefit, PJM must show that the resulting charges are roughly commensurate with that benefit, which it has not. PJM has neither substantiated the need for the charge nor explained how it should be calculated and assessed that it is roughly commensurate with the alleged benefits received. PJM's failure to make that showing supports a zero-dollar IRAS rate. PJM has not established that a capacity

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[141] *Midwest ISO Transmission Owners v. FERC*, 373 F.3d at 1368.

charge guarantees uninterrupted service or that curtailment creates an independent right to a refund. When, for example, existing customers are curtailed during a load-shed event, they are not refunded their prior capacity payments.

The only justification PJM provides is that the rate is a "discount on capacity."[142] If the Commission accepts that justification, it should allow compensation only up to a load-specific cap at the portion of a capacity charge assessed to the same load and attributable to the verified curtailed amount and duration. Otherwise, the Commission should allow no compensation for IRAS curtailment.

C. PJM's Reliance on the Commission's Decision on Compensation for Pre-Emergency Load Response Does Not Justify the Proposed Rate.

To justify its proposed rate in this proceeding, PJM relies on the Commission's acceptance of a nonperformance rate and corresponding bonus-payment rate equal to 50 percent of the Non-Performance Charge Rate in a prior proceeding.[143] That decision, however, does not establish that the same rate is just and reasonable in this proceeding. The distinct funding structure and purpose of the Pre-Emergency Load Response program make in inapposite as a precedent for the current filing.

The Pre-Emergency Load Response nonperformance rate reflects that a customer "paid for capacity but did not get the benefit" of the called resource.[144] Under that regime, charges collected from resources that underperformed fund bonus payments to resources that

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[142] IRAS Filing, *supra* note 2, at 104.
[143] *Id.* at 102 n.271 (citing *PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,253 (2026)).
[144] *Id.* at 103.

overperformed.[145] The nonperformer funds the overperformer. Other customers are not charged simply because a resource honored its obligation to curtail.

The Commission applied the same principle when approving penalties for failing to meet the requirements of PJM's new conditional transmission service.[146] It required revenues from those penalties to be distributed to "all non-offending transmission customers consistent with Order No. 890."[147] A penalty-and-bonus design thus links the payment of one party to another party's misconduct.

Here, the IRAS contains no comparable funding pool. The IRAS Filing does not include a nonperformance charge for failure to curtail whose proceeds would fund IRAS payments. Instead, it requires the ED to charge its customers or permits it to ask PJM to charge "certain Load Serving Entities," to fund the payment.[148] The Non-Performance Charge Rate was used to determine a penalty in an unrelated PJM program, not to measure the capacity charge borne by an Eligible New Large Load. The same number may supply a reasonable penalty metric for failure to curtail without establishing a reasonable compensation rate for performance.

D. The Commission Should Remove IRAS Performance Compensation or, in the Alternative, Limit Any Compensation to a Make-Whole Payment.

As explained above, the compensation scheme for IRAS actions is unjust and unreasonable. It provides unnecessary payments to Eligible New Large Loads that are already compensated by their speed to power and funds those payments through charges to existing ratepayers who derive no benefit.

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[145] Co-Location Order, 193 FERC ¶ 61,217, at P 5.
[146] *Id.*
[147] *Id.* at PP 5, 529.
[148] IRAS Filing, *supra* note 2, at Proposed Tariff, Attach. DD-4 § X(b)(i).

The Commission should replace the proposed IRAS compensation mechanism with a zero-dollar rate and prohibit any charge under the PJM Tariff to fund IRAS compensation. Nothing in that remedy would prevent a state or RERRA from establishing a separate compensation program under state law. In the alternative, the Commission can prescribe a make-whole payment up to the amount of capacity charges assessed to the ED for curtailed loads.

VI. Modification 4: The Commission should require BYONC supply to be fully deliverable to new large loads by considering transmission limits between zones.

PJM's proposed BYONC requirements do not consider the location of the New Large Load nor the associated supply. This jeopardizes reliability and risks socializing costs to other customers in violation of the objectives of the IRAS Framework. Without a locational requirement, PJM risks relying on new capacity that will not actually be able to serve the zone in which the sponsoring new large load resides, thus failing to achieve reliability objectives.[149] Similarly, allowing distant load and supply arrangements could result in significant regional transmission needs, which shift costs to other ratepayers, failing objective 2. Because PJM's capacity and energy markets recognize locational constraints, new supply that is transmission constrained will not deliver cost relief. The Commission should direct PJM to require BYONC to be located only in zones that are not constrained with respect to the zone in which the new large load resides.

[149] *See*, *e.g.*, *PJM Interconnection, L.L.C.*, 117 FERC 61,331, at P 48 (2006) (approving the settlement establishing the basic structure of the capacity market in part because the prior market "d[id] not provide incentives for generators to locate in the geographical areas where they are most needed").

PJM proposes to define BYONC as any Network Resource(s) that satisfy the BYONC requirements outlined in the proposed tariff.[150] While PJM requires BYONC resources to be new, it does not impose any locational limitations. This means that BYONC could be located physically far away from new large loads. PJM does not justify the lack of locational limitations for BYONC, despite there being documented transmission limitations between PJM zones. Some zones, like BGE, PSEG, and PEPCO—and notably the COMED (Illinois) and DOM (Virginia) zones, which contain much of the region's planned data center expansion—frequently "separate" from the rest of the RTO in capacity auctions, clearing with higher prices than the rest of the RTO due to transmission constraints.[151]

Network upgrades alone are not designed to fix transmission constraints between zones. Although PJM requires BYONC resources to be "network resources," which are theoretically fully deliverable to the entire PJM system once their network upgrades are constructed, the existence of regular price separation undermines this characterization. Standard network upgrades focus on mitigating the immediate interconnection impacts at a specific point of injection, and are not systemic upgrades to resolve region-wide reliability violations. Those upgrades proceed through PJM's Regional Transmission Expansion Planning process ("RTEP").

Excluding any locational requirement for BYONC could result in higher RTEP costs, which are paid for by other customers. These costs could be significantly more than the capital costs of new power plants, eclipsing any benefits that ratepayers would receive through the

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[150] IRAS Filing, *supra* note 2, at 49–54.
[151] *See, e.g.,* PJM Interconnection, L.L.C., *2023/2024 RPM Base Residual Auction Results*, https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2023-2024/2023-2024-base-residual-auction-report.pdf.

BYONC scheme. Distant supply could trigger new long-distance transmission projects through the RTEP. Under PJM rules, all utilities across PJM pay for RTEP projects based on cost allocation methodology that includes load-ratio share.[152] In other words, even if a new large load customer pays for its own BYONC *including* any associated network upgrades, there is still a significant risk that costs will still be shifted to other customers through RTEP. The most recent RTEP will cost $11.8 billion, driven largely by increases in large loads.[153] The IRAS proposal includes no changes to how transmission or new generation or load is studied. There is every reason to expect that if transmission constraints do not inform BYONC decisions, future RTEP cycles may cost even more. Given that one major objective of BYONC is to reduce the cost burden of data center load growth on other consumers, it would be illogical to allow remote BYONC to result in higher costs. In short, because total system costs matter, it is unreasonable to encourage new generation without considering the transmission investments needed to support it.

Similarly, allowing large loads to rely on distant capacity risks increasing locational marginal prices ("LMPs") in constrained zones, which are passed on to ratepayers in the form of higher electricity bills. While new remote capacity might help the overall system's capacity balance, it does not fix the physical delivery problem. Adding massive new loads could force constrained zones to dispatch more expensive generators when the transmission paths between distant load and supply are congested. This appears to already be occurring: real time LMPs in

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[152] PJM Manual 14B, Att. A, Section A. 3.1 RTEP Baseline Reliability Upgrade Cost Allocation, available at https://www.pjm.com/-/media/DotCom/documents/manuals/m14b.pdf.

[153] *See*, *e.g.*, PJM, RTEP 2025: Regional Transmission Expansion Plan, at 16 (Apr. 16, 2026), https://www.pjm.com/-/media/DotCom/library/reports-notices/2025-rtep/2025-rtep-report.pdf (showing that addressing load growth and deliverability comprised 95% of the drivers of that year's RTEP projects); *see also id.* at 1 ("Load growth continues to increase, driven primarily by the proliferation of data centers").

the DOM zone, home to the largest concentration of data centers, have increased 67.9% from 2024 to 2025, compared with 50.4% for PJM overall.[154] Congestion costs PJM-wide increased 80.9%, or $1.75 billion, between 2024 and 2025.[155] These energy costs are paid by all customers, violating the objectives of the IRAS Filing.

On top of raising costs for other customers, the lack of a locational requirement could lead to delays that worsen or extend resource adequacy shortfalls. Remote resources could take significantly longer to become fully deliverable to large load customers in constrained zones because of network upgrade delays and reliance on long lead-time RTEP upgrades. NRDC analysis found that Network Upgrades already contribute to significant project withdrawals from the interconnection queue and multi-year delays before new supply can deliver power.[156] The lack of a locational requirement risks extending these timelines and exacerbating resource adequacy shortfalls as new supply built to serve large loads is forced to wait behind network upgrade bottlenecks, undermining the BYONC scheme.

To resolve these risks, the Commission should direct PJM to consider available transfer capacity from the most recent PJM base residual capacity auction delivery year to determine if a new BYONC resource is "deliverable" to new large loads. This approach would exclude BYONC supply from any zones in PJM that show limited transfer capacity, recognizing the fact

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[154] Monitoring Analytics, 2025 State of the Market Report for PJM: Volume 2 Detailed Analysis, at 200, tbls. 3-53, 3-54, (March 12, 2026), https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2025/2025-som-pjm-vol2.pdf.
[155] *Id* at. 665.
[156] Yamit Lavi, *Unlocking the Grid*, NRDC (Apr. 7, 2026). https://www.nrdc.org/resources/unlocking-grid

that this capacity will likely trigger significant network upgrades or new regional transmission before becoming deliverable to the new large load customers. It should be straightforward for PJM to evaluate these constrained zones using the RPM planning parameters or even the auction clearing results. For example, if the large load is located in a load deliverability area ("LDA") that cleared with an RPM "adder" to its clearing price, indicating a transmission constraint, it must seek BYONC located within that LDA. This way, costs are truly allocated to the large load causers.

CONCLUSION

PJM's IRAS Filing generally presents a just and reasonable mechanism to ensure large loads are responsible for their own new capacity and protect other customers from unintended reliability consequences while respecting state jurisdiction over retail rates. However, to ensure that the IRAS Filing achieves its objectives, the Commission must make the modifications described above to: (1) ensure IRAS and BYONC requirements are permanent for all new large loads or else clarify that the trigger for turning IRAS off requires the capacity market to clear for three consecutive years with sufficient supply to meet all demand including all large loads subject to IRAS; (2) require penalties for LSEs that fail to comply with IRAS Actions; (3) either eliminate compensation for IRAS resource curtailment or require PJM to cap the compensation awarded to IRAS loads at no more than the amount the new large load paid in capacity charges for the relevant delivery year; and (4) require BYONC supply to be fully deliverable to new large loads by considering transmission limits between zones. Accordingly, PIOs respectfully request that the Commission approve the IRAS Filing with the modifications described above.

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Respectfully submitted,

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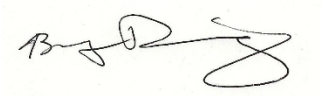
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CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served in accordance with 18 C.F.R. § 385.2010 upon each party designated in the official service list compiled by the Secretary in this proceeding, by email.

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