COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, THIRD FLOOR
HARRISBURG, PENNSYLVANIA 17120

September 3, 2026

Via Electronic Filing

Honorable Debbie-Anne A. Reese, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: **Comments of the Pennsylvania Public Utility Commission; PJM Interconnection, L.L.C., Docket No. ER26-3515-000**

Dear Secretary Reese:

Please find for e-filing the Pennsylvania Public Utility Commission's Comments for the above-referenced *PJM Interconnection L.L.C.* proceeding at Docket No. ER26-3515.

Copies of this document have been served upon all parties designated on the Commission's official service list, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure.

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,

Elizabeth H. Barnes

Elizabeth H. Barnes
Deputy Chief Counsel
Pennsylvania Public Utility Commission
(717)772-5408

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.	)	Docket No. ER26-3515-000

COMMENTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

The Pennsylvania Public Utility Commission (PA PUC) submits these comments to the Proposal of PJM Interconnection, L.L.C.'s (PJM) to Establish Interim Resource Adequacy Service and Large Load Registry to Address System Reliability (IRAS).[1] PA PUC supports the creation and maintenance of a New Large Load (NLL) Registry and suggests improvements to the Registry. However, PA PUC objects to the proposed, red-lined tariffed language at PJM's Transmittal Appendix A at page 105 - X (Compensation for Providing Interim Resource Adequacy Service), which conflicts with averments in PJM's Transmittal Letter at pages 106-107. The curtailment protocol in the proposed Appendix A Tariff amendment was not developed with PA PUC's input, and it appears to impinge upon our jurisdiction over retail rates. PA PUC is concerned that PJM is placing a burden upon Electric Distributors, including Pennsylvania electric distribution companies (EDCs) and electric generation suppliers (EGSs) to bear responsibility to implement a compensation scheme for a retail customer class of NLLs that provide the

[1] *PJM Interconnection L.L.C.*, Proposal to Establish Interim Resource Adequacy Service and a Large Load Registry to Address System Reliability, Docket No. ER26-3515-000 (August 13, 2026) ("IRAS Filing").

IRAS load reduction service allowing the NLL to determine its percentage of compensation without consideration as to the entities or persons responsible for bearing the cost of compensation at a retail level and without express state commission oversight.

The PA PUC has significant concerns that PJM's representations that the IRAS curtailment compensation framework honors state retail authority, as set forth in its supporting transmittal materials, are irreconcilable with the plain language of the operative tariff provisions offered in the filing. Specifically, PJM claims that the IRAS framework is "intentionally designed to avoid conflicts with state authority and regimes by leaving load reduction plans and retail cost allocation to state-level entities, while offering non-mandatory options under the federal tariff to aid collection and settlement of compensation for IRAS."[2] However, as explained more thoroughly below, the actual tariff language fails to provide states with any authority to protect its jurisdictional ratepayers from paying curtailment compensation costs controlled by NLLs. To be sure, PJM's proposed tariff explicitly provides for any Eligible New Large Load to "accept in its *retail rates* a sum less than 50% of the Non-Performance Charge Rate. . . ."[3] Under the tariff as it is proposed now, retail ratemaking authority would be inappropriately and unlawfully abdicated to NLLs. PJM's filing appears to acknowledge that its proposal crosses over the threshold of wholesale rates and veers into state retail rates, as PJM indicates that the IRAS rate is "**is intended to be conjoined with retail rates**. . . ."[4] The PA PUC objects to the proposed infringement upon its retail ratemaking authority.

[2] IRAS Filing at 3.
[3] See proposed Tariff, Attachment DD-4, section X(a).
[4] IRAS filing at 104 (emphasis added).

I. Compensation for Load Reduction Under IRAS

PJM proposes a compensation mechanism for NLLs that provide a load reduction service, i.e. curtailment, which creates new obligations for Electric Distributors. PJM's Transmittal Letter states that Electric Distributors bear the responsibility to implement the compensation scheme for New Large Loads that provide the IRAS load reduction service and PJM proposes to extend the rate applicable for Pre-Emergency Load Response non-performance (and conversely for bonus payments) – 50% of the Non-Performance Charge Rate as the maximum rate for IRAS performance.[5] PJM's proposal also allows eligible NLLs to agree upon a retail rate between 50% of the Non-Performance Charge Rate and zero dollars, to "further facilitate implementation of the Ratepayer Protection Pledge and retail level arrangements."[6] There is an opportunity for NLLs to waive this compensation, and PJM also claims that there are ways that states may be able to modify this compensation at the retail level.

In its Transmittal Letter, PJM states in pertinent part:

> The program will be administered by the Electric Distributor in coordination with the relevant state authorities or RERRA. That said, PJM's proposal imposes no obligation on any state to do anything. States are free to design retail rate regimes that facilitate the recovery and allocation of wholesale IRAS rates through generally applicable retail rate tariffs. Alternatively, if states decline to act generically, they could negotiate specific retail filed rates with affected entities. Further still, if states decline to act, Eligible New Large Loads could initiate regulatory proceedings to develop retail pathways to recover wholesale IRAS rates. Or, if states decline to act and Eligible New Large Loads decline to initiate regulatory proceedings to recover through retail rates the wholesale IRAS rate, they would effectively waive a right to compensation. Under PJM's proposal, the wholesale rate can flow into

[5] See Transmittal Letter at 102.

[6] See proposed Tariff, Attachment DD-4, section X(a).

> retail rates outside the PJM settlements realm. Alternatively, Electric Distributors, in consultation with their state regulators, can request PJM's support in implementing payment of the wholesale rate to Eligible New Large Loads and/or collection of charges to fund such compensation. Other potential flexibility might exist. The key takeaway is that PJM is not mandating any action at the retail or state level.[7]

However, PJM's claims do not comport with its proposed tariff changes in Appendix A and B to its Transmittal Letter prescribing different compensation rules. The redlines for Tariff section X identify EDC compensation obligations and collection thereof through retail rates paid by jurisdictional customers.[8] The tariff does not expressly recognize state authority to prohibit, approve, or modify such compensation and jurisdictional recovery, as its plain language does not prescribe any role for state utility regulators to challenge or reject the degree of compensation that NLLs are willing to accept. The end result appears to be that States must accept and enforce in retail rates a compensation level chosen by the NLL without any additional requirement that the NLL show evidence of actual curtailment, *i.e.* a validation step. Under this scheme, the NLL functions as a retail rate regulator that sets its own curtailment compensation rates up to a maximum threshold of 50% of the Non-Performance Charge Rate. Aside from the clear retail rate consequences that state regulators could be powerless to prevent, states would not be empowered to ensure that the rate was justified under the tariff. State Commissions considering retail consequences may need to understand not merely that a Large Load participated in an IRAS arrangement, but what evidence supports the

[7] Transmittal Letter at 106-107 (footnotes omitted).
[8] See proposed Tariff, Attachment DD-4, section X (Appendix A at 105).

quantity for which compensation is claimed but no mechanism for confirmation appears to be contemplated.

Although PJM asserts that the proposed framework "avoids the potential for conflicts with state policy determinations and jurisdictional domains"[9] this claim too does not bear out in the proposed tariff language. Instead, as it is currently set forth in the proposed tariff, adoption of PJM's curtailment compensation proposal would impede states' ability to enforce any NLL's commitment to protect ratepayers from the costs that the NLL is causing. Additionally, PJM's curtailment compensation rate acts as an obstacle for states that wish to enact legislation or propose policies to protect ratepayers from paying any costs associated with data centers. As an example, in Pennsylvania, Governor Josh Shapiro signed Executive Order 2026-05 on August 18, 2026. This Executive Order, *inter alia*, seeks to limit electric system costs *caused by data centers* from being imposed upon other customers.[10] The curtailment compensation payments prescribed in IRAS are antithetical to limiting costs caused by data centers. As currently proposed, PJM's tariff appears to require state utility regulators to pass through NLL's determined compensation amount, thereby imposing costs upon jurisdictional ratepayers to compensate data centers for the curtailment needs they are causing—and without recourse. To the extent that this is not the outcome PJM intended, the plain language of its proposed tariff is squarely at odds with providing state utility regulators oversight over retail rates.

---

[9] IRAS filing at 107.

[10] Pa. Executive Order 2026-05, *Protecting Pennsylvania Consumers from Data Center Impacts,* ¶*3*(b) (Aug. 18, 2026),

As currently written, PJM's proposed Tariff amendment language is unjust and unreasonable in that it infers the State's role is to rubber-stamp a seemingly pass-through mechanism for compensation determined by an LLC from an Electric Distributor, the costs for which may ultimately be borne state jurisdictional customers. As written, the language of PJM's tariff does not contemplate application of state regulatory authority to either prohibit or determine NLL curtailment compensation as necessary to regulate recovery through retail rates. PA PUC requests this provision at X (Compensation for Providing Interim Resource Adequacy Service) on page 105 of PJM's Transmittal Letter's Appendix A be denied, severed, or stricken altogether from the proposed Tariff as unjust and unreasonable. In the alternative, and without waiving that position, PA PUC offers the following suggested language for consideration as just and reasonable.

X. COMPENSATION FOR PROVIDING INTERIM RESOURCE ADEQUACY SERVICE

(a) The rate for the provision of Interim Resource Adequacy Service shall be 0% of the Non-Performance Charge Rate specified in Tariff, Attachment DD, section 10A(e), unless any State Utility Regulator elects to permit in its jurisdictional retail rates a sum greater than 0% but not more than 50% of the Non-Performance Charge Rate as compensation for the New Large Load's provision of wholesale Interim Resource Adequacy Service.

(b) If a state utility regulator elects to permit recovery of compensation through retail rates as provided above, following an Interim Resource Adequacy Event, unless the Electric Distributor informs the Office of the Interconnection otherwise in accordance with Tariff, Attachment DD-4, section X(b)(ii), the Electric Distributor shall be responsible for compensating all Eligible New Large Loads that provided Interim Resource Adequacy Service for up to the amount of such service provided. The Electric Distributor shall be responsible for charging customers in its zone/area to fund any such compensation in accordance with applicable state law and state regulatory authority.

(c) Nothing in this Tariff, Attachment DD-4, section X shall interfere with any

> State Utility Regulator's election to deny New Large Loads any level of compensation for the provision of wholesale Interim Resource Adequacy Service, or (ii) to establish jurisdictional retail rates in accordance with applicable state law and regulatory requirements.

II. Large Load Registry

PA PUC supports PJM's proposed Large Load Registry and requests that it be improved to enable authorized users to compute compensation. Data regarding represented curtailment capability during pre-emergency phase capabilities versus capability actually observed and evidenced can assist in quantifying amounts for computation of compensation. PA PUC supports appropriate confidentiality protections, but in the event PA PUC will be determining how curtailment should be implemented at the retail level and how costs of curtailment if any should be allocated, state utility commissions should have access to the Registry and curtailment data should be provided in the Registry.

III. Conclusion

For these aforementioned reasons, the PA PUC objects to portions of PJM's tariff filing, specifically to the Proposed IRAS Compensation Rate. We respectfully request the Commission sever and deny the changes to PJM's tariff regarding the Proposed IRAS Compensation Rate; or, in the alternative, adopt the proposed language offered by the PA PUC herein. Additionally, we request a modification of the proposed New Large Load Registry. Otherwise, the PA PUC supports the PJM filing and the allowance of other components of the proposal to go into effect as requested.

Respectfully submitted,

/s/ *Elizabeth H. Barnes*

Elizabeth H. Barnes, Deputy Chief Counsel
Pennsylvania Public Utility Commission
400 North St., 3rd Floor
Harrisburg, PA 17120
Telephone: 717-772-5408
ebarnes@pa.gov

Counsel for the Pennsylvania Public Utility Commission

Dated: September 3, 2026

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am on this date serving a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Respectfully submitted,

/s/ *Elizabeth H. Barnes*

Elizabeth H. Barnes
Deputy Chief Counsel
Pennsylvania Public Utility Commission
400 North St., 3rd Floor
Harrisburg, PA 17120
Tel: (717) 787-5000

Dated: September 3, 2026