



pecoSM

AN EXELON COMPANY

BRENDAN J. TAYLOR

Vice President
Regulatory Policy & Strategy

Telephone 215.841.5777
Fax 215.841.6208
www.peco.com
brendan.taylor@exeloncorp.com

PECO
2301 Market Street
S18
Philadelphia, PA 19103

May 18, 2026

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

Re: PECO Energy Company – Electric Load Forecast Accountability Docket No. M-2025-3058814

Dear Secretary, Homsher:

Enclosed is PECO's information in response to the Commission's April 22, 2026, Secretarial Letter in the above-referenced docket as requested by the Bureau of Technical Utility Services.

Thank you for your assistance in this matter and please direct any questions regarding the above to Sulma Dalessio, Director, Energy Acquisition 267-533-1958 or via email: Sulma.Dalessio@exeloncorp.com.

Sincerely,

Enclosure

Cc: P. Diskin, Bureau of Technical Utility Services (email only)
C. McKinley, Bureau of Technical Utility Services (email only)
D. Gill, Bureau of Technical Utility Services (email only)

PECO Energy Company

TUS Data Request Set 3
Electric Load Forecast Accountability

Docket No. M-2025-3058814

Response of PECO Energy Company

Response Date: May 18, 2026

M-7. Please provide copies of all materials submitted to PJM in response to the April 17, 2026, RFI.

RESPONSE:

M-7 - Refer to Attachment 1_PECO RBP RFI Response

Responsible: Sulma Dalessio

VERIFICATION

I, **Brendan J. Taylor**, hereby state that I am Vice President of Regulatory Policy and Strategy for PECO Energy Company, that I am authorized to and do make this Verification on its behalf, that the facts set forth in the foregoing response are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. §4904 pertaining to false statements to authorities.

A handwritten signature in black ink, appearing to read 'Brendan J. Taylor', with a long horizontal line extending to the right.

Dated: May 18, 2026

Brendan J. Taylor

Response to PJM Reliability Backstop Procurement Request for Information

PECO Energy Company (PECO) appreciates the opportunity to respond to PJM's request for information (RFI) regarding PJM's Reliability Backstop Procurement (RBP) proposal and its interaction with state regulation, legislation, and tariffs. As a company that provides transmission and distribution service within the PJM region, our top priority is ensuring that we can provide safe, reliable, adequate, and affordable power for our customers. We support all efforts to ensure long-term reliability and affordability for our customers. The current high costs our customers face in PJM are the result of extraordinarily high supply costs and the lack of investment in new generation resources. The potential for energy supply shortages is simply unacceptable. Therefore, we stand ready to work with PJM and our states to develop a legally sound proposal that adds *new* generation to the grid and aligns the risks that new load imposes with the beneficiaries.

We recognize there are a range of complex and interrelated issues and interests PJM is weighing as it strives to establish both interim and durable frameworks to ensure reliability in the face of rapidly tightening supply market conditions and considerable large load growth. Ensuring resource adequacy is critical to providing affordable and reliable service to our customers. We therefore support the meaningful steps PJM is taking by advancing an RBP construct, which if appropriately designed and executed should facilitate the development of new generation aligned with demands on the system imposed by new large loads. We support PJM's insistence that the RBP be clearly and appropriately limited to new incremental generation, specifically excluding delayed retirements, relicensing, and fuel switching. Deficiency of new supply is the problem the PJM footprint faces now. The only way to resolve this is to support *new* and *additional* supply. Providing additional funding to existing generation would not meet the moment and, instead, would likely exacerbate the reliability and affordability crisis facing our customers. We also appreciate that PJM is planning to be the counterparty in the backstop procurement, consistent with other PJM processes.

We do, however, have real concerns about some specific design features of the model PJM is proposing. First, we have legal concerns with attempting to hold Electric Distribution Companies (EDCs) responsible for determining the procurement target, as well as for both procuring generation for and allocating associated costs to customers for whom the EDC is not the supplier under state law. EDCs are distribution wires entities in restructured states, including all five of the states in which Exelon operates. They do not procure generation for customers who take competitive retail electric supply and are not legally authorized by state law and regulations to procure generation capacity as PJM's current model contemplates. Those functions are generally the responsibility of Load

Serving Entities (LSEs), not EDCs. Moreover, because EDCs are distribution entities and the relevant services are the *purchase* of power and at the retail level, PJM does not have the jurisdiction to obligate them to perform this function. Significantly, PJM's design also creates increased risk for existing customers, because it does not isolate costs to new large loads. Among other things, and distinct from the authority to procure, that would require legal and regulatory authority for an EDC to *charge* other suppliers' customers for supply costs.

With all of this in mind, we have joined a proposal at PJM with one of the Public Power Entities, East Kentucky Power Cooperative, as well as several other TO/EDCs (Dominion, PSEG, and PPL) that explains these pitfalls, including potential federal and state legal hurdles, that preclude putting EDCs in the role currently contemplated by the PJM proposal. Additionally, we are concerned about the current proposal's lack of focus on where newly procured generation is located. By proposing that the RBP not consider where new contracted resources are located, the new generation could be built upstream of transmission constraints such that, when needed, that generation may not be reliably deliverable to customers, including the associated large loads.

We are actively engaged to ensure that PJM's RBP is operationalized in a way that protects all customers. We note that, while PJM's RBP proposal, combined with its parallel proposal regarding curtailing new loads that do not bring new generation (which will also require state involvement to implement) could resolve current capacity market shortages and reliability risks if implemented fully and effectively, it falls short of meeting the pace and scale of today's challenge—simply put, we need additional new generation added to the grid to address the affordability challenges our customers are facing.

a. Status of Large Load Tariffs in Pennsylvania

On April 30, 2026, the Pennsylvania Public Utility Commission (PUC) unanimously voted to approve a proposed *model tariff* intended to guide how electric utilities serve very large electricity users, particularly fast-growing data centers and other very large customers. On May 12, the PUC issued its final order in the proceeding. Any motions for reconsideration or clarification are due by May 27. The order and model tariff are intended to establish a statewide framework to manage rapid large-load growth while avoiding cost shifting to existing customers and maintaining grid reliability. It is the result of extensive stakeholder input, hearings, and public comments. The order does not require Pennsylvania EDCs to file retail large load tariffs by any specific date. The guidance is intended for use by each utility at the time that it elects to do so. Elements of the framework include:

- Definition of large load customers: Applies to customers over 50 MW individually or 100 MW in aggregate.

- Cost allocation: Large load customers must pay for all their interconnection costs and for all Network Service upgrades required to serve them, if the Network Service upgrades would not have been needed “but for” the interconnection of that large load customer. Charges for work already planned by the EDC will not be assessed to the large load customer. The large load customer will pay for the upgrades through a CIAC charge.
- Financial protections: Utilities may require deposits, collateral, or other assurances to cover upgrade costs and reduce the risk of stranded investments.
- Interconnection planning: Utilities must complete interconnection studies within six months (absent exigent circumstances) to improve transparency and predictability.
- Contract and exit provisions: Guidance on load ramp-up, early termination, and minimum contract term to support system stability.
- Public interconnection queue: Utilities must publish large-load interconnection requests in a manner that protects the large load customer’s identity..
- Infrastructure development options: Large load customers may self-construct facilities, if they adhere to all EDC safety and reliability standards and all applicable FERC and NERC regulations.

Overall, the PUC’s action aims to address the surge in large electricity users by creating consistent rules that support economic growth without burdening existing customers. The model tariff will serve as guidance for utility-specific filings, subject to future PUC approval.

b. PECO’s Large Load Default Customer Supply Tariff Structure

Under PECO’s current tariff, large loads (with annual peak demand greater than 100 kW) who do not choose to take supply from a non-utility energy supplier (i.e., shop competitively for supply) are served under the Consolidated Large Commercial and Industrial (Large C&I) default service class. For Large C&I customers taking default service, PECO procures electric supply on their behalf through spot-priced, full-requirements products that are competitively procured on an annual basis. These products include both capacity and energy. Energy Costs are market based and largely passed through to customers with charges reflecting real-time day ahead, or spot market energy prices (plus procurement-related costs). Capacity Costs are embedded in the full requirements supply product and also recovered through default service rates, reflecting capacity procured in PJM to meet the customers’ peak load contribution. Procurement for default consolidated large C&I customers who choose not to shop is done through spot priced, full requirement

products that include capacity and energy. Energy costs are passed on a market-based basis, or spot market energy prices.

c. Existing Pennsylvania Legal and Regulatory Framework

Under 66 Pa.C.S. § 2807(e) of the Pennsylvania Public Utility Code, default service providers – such as PECO - are required to provide default service to customers who do not choose a competitive electric generation supplier or whose supplier fails to serve. Pennsylvania law controls that process in detail. However, Pennsylvania law does not require or permit PECO or other utility default service providers to procure capacity for customers that do choose to shop for competitive supply. For those customers, their supplier, that functions as their LSE under the PJM Tariff, is responsible for procurement and utilities can neither displace that function or compel those customers to abandon their competitive supplier and return to default service as a means of taking back the procurement responsibility.

PECO looks forward to continuing to work with PJM and the State of Pennsylvania to chart a path forward to maximize the likelihood that the RBP framework is successful and put PJM on a path to maintaining reliable, affordable power for customers across the region.