

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00087
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S REQUEST DATED MAY 15, 2025

REQUEST 40

RESPONSIBLE PARTY: Denise Foster Cronin (a – b); Christopher E. Adams (c)

Request 40. Refer to the 2025 IRP, Section 12.0 Federal Regulations and PJM Rule Changes since 2022 IRP that have or could impact EKPC's operations or participation in PJM's markets.

- a. Provide updates as to all of the referenced federal regulations.
- b. Provide updates as to all of the referenced PJM rule changes.
- c. Explain whether EKPC intends to continue to participate in PJM's markets. If not, explain why not. If so, explain why.

Response 40. Supplemental Responses in Red Below:

a-b. See the list below of updates to federal regulations, includes the original page numbers in the IRP.

- Page 222: PJM issued a Summer 2025 outlook which indicated it is forecasting sufficient generation for typical peak demand this summer but is preparing to call on contracted demand response resources to reduce electricity use under more extreme scenarios.

[\(https://insidelines.pjm.com/pjm-summer-outlook-2025-adequate-resources-available-for-summer-amid-growing-risk/\)](https://insidelines.pjm.com/pjm-summer-outlook-2025-adequate-resources-available-for-summer-amid-growing-risk/)

- Page 225: in explaining that the average ELCC methodology that was used before the adoption of marginal ELCC, hydropower resources inadvertently was left out of the list of the types of resources to which that methodology applied.
- Page 225: A new Complaint was filed with the FERC challenging the results of the 2025/25 BRA, in Docket No. EL25-76. Also, the FERC approved PJM's proposed settlement of one of the Complaints over EKPC Protest which highlighted negative resource adequacy implications of implementing the settlement. **On Friday, February 27, 2026, PJM filed to extend the capacity market price collar that resulted from the FERC's approval of a settlement of the Complaint over EKPC's Protest. The clearing results of the 2027/28 Delivery Year Base Residual Auction evidenced the harms EKPC indicated could arise from approving the price cap in the settlement actually materialized. The price cap operated to prevent approximately 800 MW UCAP of generation resources from being committed to serve the PJM region in the 2027/28 Delivery Year and overall cleared short of the reserve target by 6.6 GW. Those 800 MW UCAP now may serve neighboring regions whose capacity prices are not constrained by a price collar.**
- Page 226: The stakeholder discussion of refinements to the ELCC accreditation methodology are continuing and are mainly focused on changes that could be effective for the 2028/29 Delivery Year. The work includes considering additional winter operating capacity valuation for thermal generation units. To support this discussion PJM is performing additional analysis. Also, the work includes consideration of how best to model the impacts of generation investments in improving generation performance in determining a resource's capacity accreditation. **Notwithstanding significant stakeholder discussion, no changes have been made to the**

ELCC methodology for the 2028/29 Delivery Year. PJM engaged a third-party consultant, Energy and Environmental Economics, Inc. (“E3”) to review the ELCC methodology. E3 conducted an independent review of PJM’s current risk modeling and ELCC implementation including assumptions and methods. They sought to identify any enhancements to improve the risk modeling and ELCC implementation and prepared a public report documenting their findings. The E3 report was posted under the meeting materials for the December 9, 2025 ELCCSTF meeting, at which a summary presentation of the report was presented. The E3 report may be found posted on the PJM website at: [20251209-item-02---pjm-elcc-rrs-model-evaluation---e3-report.pdf](#) in December 2025 PJM indicated that it planned to schedule meeting in early 2026 to determine next steps. To date no such meetings have been scheduled.

- Page 226: PJM stakeholders endorsed a rule change that is currently pending before the FERC which is intended to mitigate the impact of potential ELCC variability on capacity commitments from the Base Residual Auction (BRA) as a result of updates to the relevant ELCC Class Rating and/or ELCC Resource Performance Adjustments that are used to calculate a Capacity Resource’s Accredited UCAP during the Delivery Year. The proposal does not lock in the accreditation value. Rather it adjusts the penalty a resource would be

- assessed for a reduction in its Accredited UCAP after the BRA for that Delivery Year; the proposal limits the Capacity Resource Deficiency Charges associated with shortfalls caused by the variability of ELCC updates to be 100% of the resource’s relevant clearing price instead of 120%.

The FERC approved the rule change in June 2025.

- Page 226: The rule change to more fully capture Demand Resources’ reliability value in their accreditation was approved by the FERC.
- Page 227: FERC opened a “show cause” docket using its authority under Section 206 of the Federal Power Act to determine whether PJM’s current rules are unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful in how they treat the situation of a large load seeking to co-locate with a generator interconnected to the transmission system. Multiple rounds of filings have been submitted but no determination by the FERC has been made. **The FERC issued an order on December 18, 2025. The following is an excerpt from the FERC Fact Sheet on the order, which may be found on the FERC’s website at: [FACT SHEET | FERC Directs Nation’s Largest Grid Operator to Create New Rules to Embrace Innovation and Protect Consumers | Federal Energy Regulatory Commission](#)**
 - **PJM’s tariff is unjust and unreasonable due to a lack of clarity and consistency in the rates, terms, and conditions for generations who wish to serve co-located load and for the transmission customers who would take transmission service on behalf of these co-located loads.**
 - **PJM’s tariff is unreasonable because it lacks provisions for transmission services that reflect the Eligible Customers (transmission customers) may take transmission service on behalf of co-located loads that are able to limit their energy withdrawals from the transmission system. Without clear direction, entities are unable to determine what steps they must take to set up co-location arrangements.**

- The tariff's existing Behind-the-Meter Generation ("BTMG") rules are no longer just and reasonable.
- The order declines to address jurisdictional matters regarding the interconnection of retail loads served through a co-location arrangement.

Nest Steps:

- PJM must revise its tariff to detail the terms and conditions for interconnection customers to follow when using generating facilities to serve co-located load.
- PJM must revise its tariff to require the Eligible Customer (transmission customer) serving the co-located load to choose from four transmission service options:
 1. Network Integration Transmission Service ("NITS");
 2. A new Interim, Non-Firm Transmission Service that only transmission customers seeking NITS may request;
 3. A new Firm Contract Demand transmission service; or
 4. A new Non-Firm Contract Demand transmission service.
- PJM must revise its tariff to allow Eligible Customers seeking to take NITS on behalf of co-located load to take a new non-firm transmission service on behalf of that co-located load on an interim basis until all transmission network upgrades necessary to provide the requested NITS are complete.
- The Commission is proposing two new transmission services – a Firm Contract Demand transmission service and a Non-Firm Contract Demand transmission service – that an Eligible Customer may take on behalf of co-located load instead of taking NITS. Specific to the new transmission services, the Commission establishes a paper hearing to determine the just and reasonable

rates, terms and conditions that will apply. PJM's initial briefs on the terms of services are due by February 16, 2026.

- PJM must revise the BTMG rules, establish a transition period and grandfather certain existing contracts.

To address concerns about reliability associated with co-location arrangements, the Commission requires PJM to submit an informational report, by January 19, 2026, regarding concerns about reliability associated with co-location arrangements, including the status of proposals considered in the Critical Issue Fast Path stakeholder process that are designed to expedite the addition of generating capacity to the PJM system, including – but not limited to- the status of the expedited interconnection process to enable shovel-ready generation projects to serve PJM more quickly, modifications to PJM's reliability backstop mechanism to improve PJM's ability to respond to acute resource adequacy shortfalls, and the development of enhanced load forecasting and demand flexibility measures to assist PJM in determining the amount of new capacity that is needed to maintain system reliability.

- Page 227: PJM must perform a review of its (1) RPM Capacity Market demand curve, (2) the cost-of-new entry value that is utilized in the development of the shape of the curve and for the Performance Assessment Interval penalty charge, and (3) the methodology used for the Energy and Ancillary Services offset. The Brattle Group was retained by PJM to conduct a review and present its recommendations. The Brattle Group's report has been shared and discussed with PJM and stakeholders. PJM is expected to provide its recommendations in June. Ultimately, PJM will need to make a filing with the FERC in the fall to set these requirements for the 2028/29 Delivery Year and three subsequent Delivery Years.

PJM stakeholders supported a proposal brought forth by the Vice-Chairman of the Pennsylvania Public Utility Commission. FERC approved that proposal in January 2026.

The FERC order:

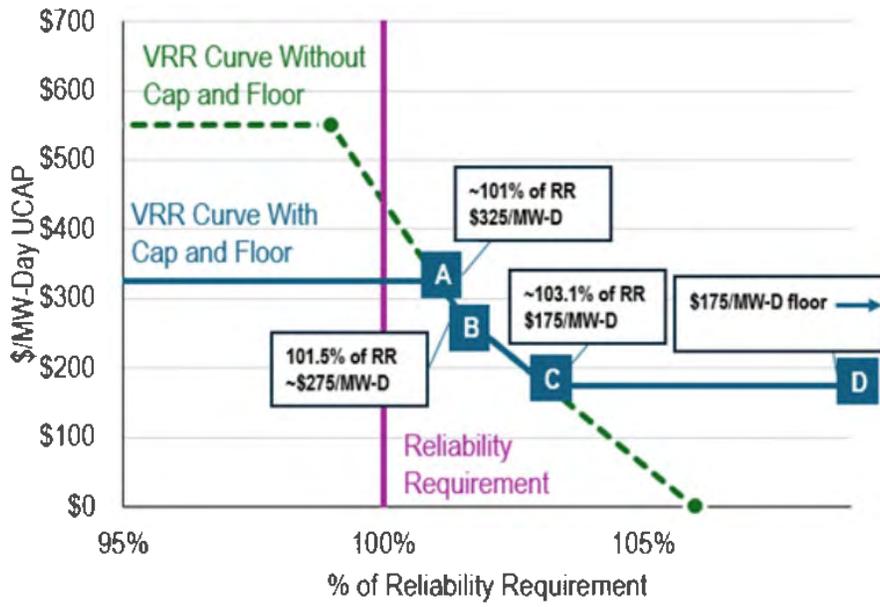
- Maintains a natural gas combustion turbine power plant as the “reference resource” and updates the cost of new entry associated with this resource. The reference resource represents a technology that likely would be developed and whose development costs are the benchmark to be covered by the auction.
- Updates the VRR Curve used as the demand curve in the RPM Auction. The proposed VRR Curve caps the PJM-wide auction price at approximately \$550/MW-day for the 2028/29 Base Residual Auction. For the 2028/29 Base Residual Auction, specific zones inside PJM would be capped at a range between \$483/MW-day and \$785/MW-day, based on variable costs in those zones.
- In approving the VRR curve changes in January 2026, FERC rejected the call of the Marland Office of People’s Counsel to extend the Shapiro price cap.
 - PJM argued against making a determination on the price collar extension:
 - “PJM notes that the Commission’s acceptance of the temporary price collar was ‘based on the confluence of unusual facts and circumstances presented’ that ‘were not considered’ in PJM’s 2022 Periodic Review. PJM reiterates that the 2025 Periodic Review was developed in consideration of tight market conditions, uncertainties that make it difficult to provide stable

long-term investment signals, and recent and anticipated RPM market design changes.”

- “PJM also asserts that PJM’s generation interconnection queue reforms, including completion of Transition Cycle 1, contributed toward addressing the interconnection backlog, and RRI provided a pathway for 11,000 MW of natural gas, nuclear, and battery projects to be added to Transition Cycle 2.70 PJM reiterates that the compressed auction schedule has improved as the Base Residual Auctions are on track to return to the normal three-year forward auction by May 2027 for the 2030/2031 delivery year.”

Note, however, PJM ultimately made a FERC filing on February 27, 2026, to extend the existing price collar (\$325 ICAP price cap/\$175 ICAP price floor) two Delivery Years (2028/29 & 2029/2030) and apply that price collar over the VRR curve approved by FERC in January 2026. Any capacity resources that submit IMM approved price offers above \$325 will not clear in the auction. The figure below shows that PJM would truncate the clearing before it reaches the Reliability Requirement if the price of those resources is above the cap.

Figure 1



- Page 227: North Carolina Electric Membership Corporation filed a Complaint against PJM at FERC due to the mismatch in pricing between its pseudo-tied resources and its load charges that result from PJM's interpretation of its rules governing the participation of "grandfathered" pseudo-tied resources in the capacity market. PJM treats them as sinking in the Rest of RTO LDA rather than in the LDA where the resource is designated to sink (which for NCEMC's load is the Dominion LDA) resulting in NCEMC's pseudo-tied generation not being compensated at the same level as NCEMC is being charged for capacity. **The FERC rejected NCEMC's complaint on December 5, 2025 finding that NCEMC did not demonstrate that it is unjust and unreasonable, or unduly discriminatory or preferential, for pseudo-tied external resources that are Prior CIL External Resources to receive the rest-of-RTO clearing price.**
- Page 228: PJM filed revisions to black start compensation with the FERC on April 30, 2025. The FERC has not yet issued a ruling. **PJM amended its filing on June 30, 2025, and the FERC approved the filing August 28, 2025 and made the revisions effective September 1, 2025.**
- Page 233: The FERC issued Order No. 1920-B. EKPC joined with the PJM Transmission Owners amending the appeal to include Order No. 1920-B, which declined to reverse the requirement that the Transmission Owners file with the FERC the cost-allocation proposal states may adopt.
- Page 233: PJM filed in May 2025 seeking FERC approval of a 22-month extension to file its compliance filing on the interregional long-term transmission planning requirements of Order No. 1920. Also, PJM received FERC approval of its extension request to submit the compliance filing addressing all other aspects of Order No. 1920 by December 12, 2025. The PJM Transmission Owners similarly received FERC approval to extend the compliance filing due date for the cost allocation methodology for long-term transmission projects to December 12, 2025. **The PJM Transmission Owners and the state group**

charged with developing an ex-ante cost allocation methodology for projects selected under Order No. 1920 filed to receive an extension of the compliance deadline to June 12, 2026. PJM made similar requests for its compliance filing. FERC granted both requests.

- Page 234: FERC issued a deficiency notice on PJM's generation replacement filing. PJM has responded to that notice. There has been no further action by the FERC. The FERC rejected PJM's generation replacement filing in October 2025 without prejudice and gave guidance as to what would need to be revised. PJM made revisions and refiled in January 2026, FERC approved the filing January 29, 2026 and made the revisions effective on January 30, 2026.
- Page 234-235: PJM selected 51 projects under the RRI due to project #50 and #51 receiving a tied score in PJM's assessment. EKPC's new 745 MW Cooper CCGT was accepted as an RRI project and is now being studied by PJM in Transition Cycle #2. EKPC's Liberty Reciprocating Engines project will remain in the new queue cycle process which will initiate in 2026.

c. Yes, EKPC continues to find value for its Owner-Member through participation in PJM markets. Refer to EKPC's responses to Item 8, above.