

FOR IMMEDIATE RELEASE

PJM Auction Procures 134,311 MW of Generation Resources; Supply Responds to Price Signal*Modest Year-Over-Year Wholesale Cost Increases Expected in Most Areas, Some Areas See Decreases*

(Valley Forge, PA – July 22, 2025) – PJM Interconnection today announced the results of its 2026/2027 Base Residual Auction (BRA), which secured 134,311 MW of unforced capacity generation (UCAP) and demand response to meet projected electricity needs for more than 67 million people across 13 states and the District of Columbia.

Regions under the Fixed Resource Requirement acquired an additional 11,933 MW in UCAP for a total of 146,244 MW (UCAP) available to serve forecasted peak electricity demand plus a reserve margin. UCAP represents a generation resource's maximum output adjusted for its estimated ability to reliably perform at times of highest system risk.

The price came in at the FERC-approved cap, \$329.17/MW-day (UCAP), for the entire PJM footprint. This price compares with \$269.92/MW-day for the 2025/2026 auction for the RTO, except for the BGE and Dominion zones, which cleared at \$466.35/MW-day and \$444.26/MW-day, respectively.

Wholesale capacity accounts for a relatively small portion of retail electricity bills; PJM would expect the cap price to translate to a year-over-year increase of 1.5–5% in some customers' bills, depending on how load serving entities and states pass on wholesale costs to consumers. Given that prices decreased in two zones, it is possible that consumers in some areas could see a drop in retail rates.

Even with the short, one-year lead time, auction results and other indicators show supply is responding to the investment signal from the 2025/2026 capacity auction:

- **New Capacity:** The total amount of new generation and generation uprates in this auction was 2,669 MW UCAP. This represents the first increase in new generation and uprates in the last four auctions.
- **Withdrawn Deactivations:** Since the 2025/2026 Base Residual Auction results were posted on July 30, 2024, 17 generating units totaling approximately 1,100 MW worth of Capacity Interconnection Rights have withdrawn their retirements.
- **Longer-Term Investment:** While not impacting this auction, PJM's Reliability Resource Initiative this year attracted more than 11,000 MW (ICAP) in planned new projects and upgrades to existing generators, indicating significant interest from investors. ICAP or installed capacity represents the maximum output of a resource.

At the same time, electricity demand is growing rapidly. PJM's forecasted peak load for the 2026/2027 Delivery Year increased year to year by more than 5,400 MW, driven largely by data center expansion, electrification and economic growth.

Supply/Demand Remains Tight

The cleared resource mix includes: 45% natural gas, 21% nuclear, 22% coal, 4% hydro, 3% wind and 1% solar.

This auction's cleared volume was just over (by 139 MW UCAP) the projected reliability requirement, underscoring the region's tightening supply-demand balance. The target installed reserve margin is set to meet the one-in-ten reliability standard accounts for anticipated resource performance and a margin of error for demand forecast uncertainty.



Reliability concerns associated with reducing supply and increasing demand are not limited to PJM; the North American Electric Reliability Corporation has identified elevated risk to the reliability of the electrical grid for much of the country outside of PJM. In response, PJM continues to advance reforms that accelerate the interconnection of new resources.

As is consistently the case with these capacity market auctions, market power mitigation protocols resulted in the application of limits to offer prices from existing generation under the Three-Pivotal Supplier Test.

Market Rule Changes Implemented

The auction also reflected several recent market rule changes, including:

- Expanded capacity must-offer requirements for all resource types (including solar, wind, batteries and hybrid resources)
- A new price cap (\$329.17/MW-day) and floor (\$177.24/MW-day) approved by FERC (prices for UCAP)
- PJM's submission of \$0 offers for specific Reliability Must-Run units, ensuring reliability while managing costs (revenue to be allocated as a credit to associated load)
- Retirement of the Energy Efficiency product category

Accelerating Resource Integration

PJM continues to focus on enhancing its process for connecting new generation resources onto the system, which includes clearing all the projects in its transition queue over the next 18 months, opening its new cycle process in spring 2026, and leveraging artificial intelligence through our partnership with Google to reduce processing time. PJM is also hopeful that recent proposals related to Capacity Interconnection Rights, Surplus Interconnection Service and the FERC-approved Reliability Resource Initiative will result in supply additions.

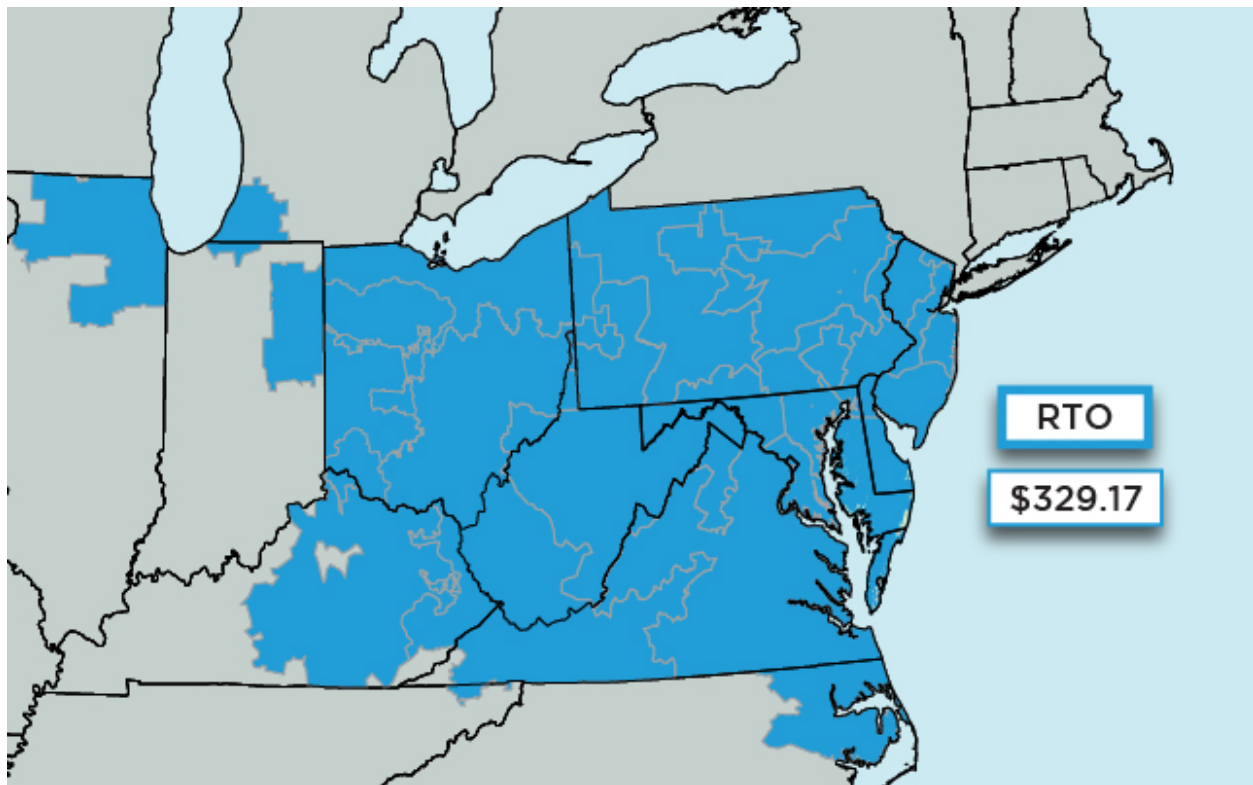
PJM has processed more than 60% of the transition backlog in its interconnection queue under its FERC-approved reform process, with another 63,000 MW (ICAP) slated for review in 2025 and 2026. While more than 46,000 MW of installed capacity (ICAP) of already-approved resources have yet to be built, many are navigating challenges outside PJM's scope, such as permitting timelines, supply chain constraints and evolving project economics.

PJM remains focused on: maintaining a transparent market framework that accurately reflects supply/demand conditions; streamlining interconnection processes; and working collaboratively with states, developers and industry to support solutions that can bring needed capacity online.

The next Base Residual Auction for the 2027/2028 Delivery Year is scheduled for December 2025, as PJM works toward resuming its three-year-forward planning cycle.

A detailed report of the results is available on PJM's [capacity market web page](#).

2026/2027 Capacity Prices



[PJM Interconnection](#), founded in 1927, ensures the reliability of the high-voltage electric power system serving 67 million people in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM coordinates and directs the operation of the region's transmission grid, which includes over 88,333 miles of transmission lines; administers a competitive wholesale electricity market; and plans regional transmission expansion improvements to maintain grid reliability and relieve congestion. PJM's regional grid and market operations produce annual savings of \$3.2 billion to \$4 billion. For the latest news about PJM, visit PJM Inside Lines at insidelines.pjm.com.

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