



David E. Mills
Chair, PJM Board of Managers

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Via Electronic Delivery

September 26, 2025

Hon. Emile C. Thompson
President, Organization of PJM States, Inc.
Chairman, Public Service Commission of District of Columbia

Dear Chairman Thompson,

Thank you for your correspondence dated August 28, 2025, wherein the Organization of PJM States, Inc. (OPSI) provided thoughts on the independent consultant to be retained for evaluation of PJM's Effective Load Carrying Capability (ELCC) methodology, and your correspondence dated September 5, 2025, wherein OPSI raised concerns about the process utilized for determining the Forecast Pool Requirement (FPR) and Installed Reserve Margin (IRM) for capacity auctions. This letter consolidates PJM's responses to each of your correspondences.

ELCC Methodology

OPSI's correspondence on this topic opines upon the scope of work of the independent consultant that will be analyzing and reviewing PJM's ELCC methodology. PJM believes that the scope of work for the independent consultant covers much, if not all, of what OPSI has requested.

The PJM Board agrees with OPSI's view that the ELCC model should produce reasonable accreditation calculations and that stakeholders should understand how the values are calculated. As OPSI points out, transparency of the model is an important facet of this. The consultant's scope of work does include an assessment of the reasonableness of PJM's ELCC model, including the data inputs, algorithms, methods, calculations, outputs and model sensitivities. The review will also consider recommendations and practical approaches to enhance PJM's ELCC and risk modeling implementation.

Further, PJM is committed to the ELCC Senior Task Force proposal for data transparency. In addition to the multiple ELCC education sessions PJM has hosted, we aim to release a detailed ELCC description to the public during the month of October. The consultant's scope of work includes a review of PJM's data postings and methodology documentation to promote transparency as well as enhancement recommendations.

PJM understands OPSI's urgency regarding an evaluation of the ELCC methodology as well as potential transparency enhancements. PJM aims to engage with the consultant for three months and is targeting a report encompassing the consultant's model overview, assessment and key considerations to be posted by December. This timing will allow for robust stakeholder review and aligns with OPSI's stated goal of implementation for the 2029/2030 Base Residual Auction.

FPR and IRM Process

OPSI's second letter raised concerns over the process by which FPR and IRM values are approved by the PJM Board. The PJM Board explained its reasoning for approval of these values for the 2027/2028 Base Residual Auction in its [letter](#) (PDF) to stakeholders dated August 4, 2025.

The PJM Board recognizes the interplay between risk modeling, reliability criteria and the costs associated with achieving stated levels of reliability. The FPR and IRM values are pro forma calculations detailed in the Reliability Assurance Agreement and associated PJM Manuals, as applicable.

The PJM Board is responsible for approving FPR and IRM values so as to ensure that the calculations performed by PJM staff are conducted in accordance with the previously mentioned governing documents. Should stakeholders seek to modify the methodology specified in PJM's governing documents, such reform may be initiated through the stakeholder process itself.

OPSI's desire is for the PJM Board to evaluate options for these IRM and FPR values and ultimately select from these options. This procedural step is not supported by PJM's existing governing documents, and therefore, the Board is not comfortable exercising this procedural step without discussion in the stakeholder process and possible amendment to the applicable governing documents.

The PJM Board agrees with OPSI that resource adequacy is of paramount importance and encourages OPSI's participation in the recently initiated Critical Issue Fast Path associated with large load additions. State input and action in contending with large load additions will be critical for PJM in maintaining resource adequacy going forward and can also assist with consumer affordability concerns being espoused by many of our states.

As always, we thank OPSI for its input and continued engagement on the important matters facing our industry.

Sincerely,

David E. Mills
Chair, PJM Board of Managers