David E. Mills
Chair, PJM Board of Managers

2750 Monroe Blvd.
Audubon, PA 19403

March 9, 2026

Via Electronic Delivery

Tracy McCormick
Executive Director, RESA

Thank you for your correspondence to the PJM Board of Managers (PJM Board) on behalf of the Retail Energy Supply Association (RESA) expressing your concern about uplift costs associated with Winter Storm Fern. Winter Storm Fern was a historically long cold weather event, and two of PJM's top ten winter peak days in its history were set during this storm.

As you are aware, PJM operated under Conservative Operations through periods of Winter Storm Fern, committing generation units in advance of impending freezing conditions. PJM commits units in advance due to the long-lead time for startup and to honor our generators' cold weather operating limits to ensure that these units are available during the extreme cold weather event. PJM also commits natural gas units in advance due to gas pipeline restrictions and the lack of symmetry between the electric and gas marketplaces.

PJM was able to reliably operate through Winter Storm Fern without needing to implement additional emergency procedures due in part to having declared Conservative Operations and securing these longer lead-time units. Reliability is our primary focus, and PJM stands behind its use of Conservative Operations to secure the use of these resources.

We do understand your concern regarding the use of Conservative Operations and the resulting uplift costs that competitive retail providers may bear the burden of paying. PJM is also concerned about these uplift charges and has attempted to address this matter with PJM's stakeholders. To reduce uplift, the actions of our operators to secure reliability should find their way into transparent clearing prices.

More recently, PJM has been working with stakeholders to seek reform to its reserve markets within the Reserve Certainty Senior Task Force. Completion of this work could help to alleviate some of your uplift concerns. Stakeholders are expected to vote on potential reform packages later this year.

We recently reviewed (PDF) and updated stakeholders on the operations and markets impacts at the February Operating Committee meeting, which includes the financial impact update requested in your correspondence. We have also begun undertaking a "lessons learned" exercise from Winter Storm Fern as a means to continue to improve on our processes during challenging weather events. The desire to reduce uplift is part of that evaluation.

Again, we thank you for your correspondence. We encourage you to continue your engagement with PJM and its stakeholders to advance solutions to contend with uplift. PJM staff would be happy to meet with you to discuss this matter as well.

Sincerely,

David E. Mills,
Chair, PJM Board of Managers
Interim President & CEO