Paula Conboy
Chair, PJM Board of Managers

PJM Interconnection
2750 Monroe Blvd.
Audubon, PA 19403

Via Electronic Email

November 25, 2026

Dear Consumer Advocate Offices,

Thank you for your correspondence dated November 18, 2026, wherein you request that the PJM Board direct PJM management to file with the Federal Energy Regulatory Commission (FERC) to delay the execution of the 2029/2030 Base Residual Auction (2029/2030 BRA). The PJM Board has considered your request and believes that proceeding with the 2029/2030 BRA is the most appropriate course of action.

First, as you acknowledge, PJM cannot unilaterally delay running the 2029/2030 BRA. Only an order from FERC would allow for us to do so. At present, the 2029/2030 BRA opens in a matter of days (December 9). Second, this auction date has been set since November 2024. Delaying the auction just a few days before it starts, after its parameters have already been set, would be disruptive to the markets as a whole.

Your letter acknowledges the potential reliability impact of FERC's rejection of PJM's Interim Resource Adequacy Service (IRAS) filing. Removing demand from the December RPM auction in a quantity sufficient to produce a lower clearing price would necessarily be the consequence of committing fewer capacity resources for the 2029/2030 Delivery Year. Committing a reduced quantity of capacity for use to serve load directly harms reliability, given that PJM is already short the capacity required to meet the 1-in-10 reliability standard in the last two capacity auctions. Delaying the auction and proceeding with your recommendation will not help to solve the reliability and resource adequacy challenges facing the PJM region.

We also want to recognize the challenge that rising electricity bills are placing on households and businesses across the region. The December auction includes an established price cap substantially below the maximum point on the otherwise FERC-approved demand curve, providing an important safeguard against how high prices can rise. This is the same cap that has been in effect for the last three auctions, and thus, consumer costs associated with the capacity market would not rise from where they are now between mid-2029 and mid-2030. This cap is one of several steps PJM has taken, with guidance from stakeholders and the states, to balance resource adequacy with cost containment, particularly from new Large Load.

We certainly agree that the increase in data center demand is a root cause for our current supply/demand imbalance and resulting cost increase, and we acknowledge the various pledges made by data centers to pay for their share of energy costs. PJM, through various initiatives like the aforementioned IRAS, the Reliability Backstop Procurement (RBP) and other Large Load addition efforts will continue to utilize its given authority to try and make these pledges a reality. However, allocation of the wholesale costs established through PJM functions is generally not in PJM's jurisdictional authority. PJM allocates capacity costs to load serving entities on the basis of determinants provided to PJM by state jurisdictional electric distributors. Retail regulatory authorities are jurisdictionally situated to allocate wholesale costs to data centers. This was an agreed-to principle in the *Statement of Principles Regarding PJM* by all of our state governors.

Further, the capacity market is currently undergoing an evaluation. PJM released a paper entitled *Powering Reliability Through Market Design* and has held a series of workshop discussions to discuss the evolution of this market. As discussed at the November 18 Members Committee meeting, PJM intends to change this market construct. Given that the 2030/2031 BRA (to be held in May) would return to the previously established and FERC-approved demand curve, and would stand to clear at a substantially higher price than will result from the current cap, PJM is considering delaying the May 2030/2031 BRA, with sufficient notice to the market, so as to implement market reform. PJM shares your aim that the capacity market be grounded in credible assessments of future demand which is, in part, why PJM has suggested moving to a prompt auction framework beginning with that 2030/2031 BRA when the market returns to the cap established via the FERC-approved demand curve.

We very much appreciate your feedback and look forward to working with the consumer advocates on the redesign of the capacity market.

Sincerely,

Paula Conboy
Chair, PJM Board of Managers