



David Mills
Chair, PJM Board of Members

PJM Interconnection
2750 Monroe Blvd.
Audubon, PA 19403

VIA ELECTRONIC DELIVERY

June 9, 2025

Dear PJM Stakeholders,

On the evening of May 30, 2025, the Secretary of Energy issued an Order¹ pursuant to his authority under Federal Power Act Section ("FPA") 202(c),² regarding Constellation Energy's Eddystone Units 3 and 4, which were scheduled to retire at the end of the following day. The Secretary's Order found that an emergency existed in portions of the PJM footprint "due to a shortage of facilities for the generation of electric energy, resource adequacy concerns, and other causes," and directed, among other things, that PJM and Constellation Energy take "all measures necessary" to ensure that the Eddystone Units are available for continued operation until August 28, 2025. While the Secretary's Order was issued in the absence of a PJM request or application, PJM nonetheless intends to comply in accordance with the requirements of federal law.

As relevant here, the Secretary's Order directed PJM and Constellation to "file with the Federal Energy Regulatory Commission any tariff revisions or waivers necessary to effectuate this order," and further specified that "[r]ate recovery is available pursuant to [FPA section 202(c)]."

In accordance with FPA section 202(c),³ Constellation has communicated its agreement to utilize the Deactivation Avoidable Cost Credit ("DACC"), as described in Part V of the PJM Tariff. PJM supports this determination and is willing to agree to the use of the DACC for the Eddystone Units during this 90-day period.

However, Part V of the PJM Tariff as it currently stands addresses the retention of generation facilities based upon specific transmission constraints, and accordingly its corresponding cost allocation methodology is not oriented towards resource adequacy concerns, which is the basis for the Secretary's Order.

¹ A copy of the Secretary's Order No. 202-25-4 is available here: <https://www.energy.gov/ceser/federal-power-act-section-202c-pjm-interconnection>

² 16 U.S.C. § 824a(c).

³ FPA section 202(c) and the Department of Energy's ("DOE") implementing regulations contemplate agreement between the relevant entities (in this case, PJM and Constellation Energy) regarding the compensation and terms and conditions of service for the duration of a 202(c) order. In the event that the relevant entities cannot agree, the DOE is required to refer the case to the Federal Energy Regulatory Commission for resolution. See 16 U.S.C. 824a(c) ("If the parties affected by such order fail to agree upon the terms of any arrangement between them in carrying out such order, the Commission, after hearing held either before or after such order takes effect, may prescribe by supplemental order such terms as it finds to be just and reasonable, including the compensation or reimbursement which should be paid to or by any such party."). See also 10 C.F.R. § 205.376 ("The applicant and the generating or transmitting systems from which emergency service is requested are encouraged to utilize the rates and charges contained in approved existing rate schedules or to negotiate mutually satisfactory rates for the proposed transactions. In the event that the DOE determines that an emergency exists under section 202(c), and the "entities" are unable to agree on the rates to be charged, the DOE shall prescribe the conditions of service and refer the rate issues to the Federal Energy Regulatory Commission for determination by that agency in accordance with its standards and procedures.").

In light of these circumstances, and to ensure that the cost impacts of the Eddystone Units' continued operation are reflective of the region-wide resource adequacy concerns contemplated by the Secretary's Order, the Board is initiating the Critical Issue Fast Path ("CIFP") accelerated stakeholder process mechanism as detailed in PJM Manual 34, section 8.6.4. The purpose of this CIFP is to engage with stakeholders and to receive feedback on the specific issue of the appropriate cost allocation methodology associated with the recovery of the DACC payments to Constellation for the Eddystone Units.⁴

Given the exigent circumstances presented by the Secretary's Order, which went into effect upon its issuance, and the corresponding requirement that the Eddystone Units continue to be available to operate starting on June 1, the Board intends to conduct this CIFP process on a truncated timeframe, beginning June 10, and ending with the Members Committee meeting on June 18. To effectuate this, PJM will hold the four stages of the CIFP on the following dates:

Stage 1	PJM provides an informational Problem Statement and Issue Charge, education, an initial proposed solution, and a Matrix with solution options it considered – June 10, 2025
Stage 2	Stakeholders provide feedback and alternatives to PJM – June 12, 2025
Stage 3	With consideration of the stakeholder feedback, PJM will refine and finalize its proposal. Stakeholders may create alternative packages – June 16, 2025
Stage 4	PJM reviews its final proposed solution and Members and invited non-members provide feedback to the Board – June 18, 2025

The Board greatly appreciates the engagement and feedback of the PJM stakeholder community as PJM works to comply with the Secretary's Order.

Sincerely,

David Mills
Chair, PJM Board of Managers

⁴ This discussion may also include the potential establishment of a generic cost allocation structure that could be utilized in the event that additional 202(c) orders are issued in the future for resource adequacy purposes, and the generator owners subject to those orders elect to utilize the DACC as their form of compensation.