

September 30, 2025

PJM Board of Managers:

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The PJM Finance Committee (“FC”) met on August 19, 2025, and again on September 17, 2025, to review the: (a) proposed PJM 2026 expense and capital budgets; (b) proposed 2026 budgets for OPSI, CAPS, Monitoring Analytics, and NERC/RFC; and (c) estimated 2026 Schedule 9-FERC and 9-MMU rates.

The FC also reviewed PJM’s projected expenses and revenues for the remainder of 2025 through 2029, including the estimated rates. PJM staff also reviewed the proposed capital projects for 2026 at the September 9, 2025, Planning Committee and September 11, 2025 Operating Committee meetings.

#### 1. Proposed Expense Budget for 2026

PJM has proposed an expense budget of \$430 million for 2026, where the 2025 budget is \$400 million, which represents an approximate 7.5% increase for 2026. This value exceeds the long-term projections discussed with the 2025 budget by \$3 million. This is the third consecutive year the budget exceeded the long-term projection – the 2025 budget exceeded the long-term projection discussed with the 2024 budget by \$16 million. In all three budget years, PJM staff and management stated the increase over the prior projection reflects the impact of several drivers including:

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- Continued focus on resource adequacy, large load additions, reserve uncertainty, and analysis for energy transition.
- Planned depreciation expense increases related to EMS upgrade projects and next generation of market software.
- Information technology lifecycle upgrade, cloud transition, data & analytics expansion, and cyber threat mitigation.
- Modest staff level increase to enhance workforce capability in operations, planning and markets.
- Current inflation levels.

The sector-elected representatives of the PJM FC recommend that the Board approve the proposed 2026 expense budget while encouraging PJM Management to continue to seek and sustain cost-saving initiatives.

### 2. Proposed 2026 Capital Budget

PJM has proposed a capital budget for 2026 of \$65 million, principally driven by facilities and technology infrastructure; specifically, the pending building purchase of 955 and 975 Jefferson Avenue in Audubon, PA. This aligns with the long-term projections previously discussed. The sector-elected representatives of the PJM FC recommend that the Board approve the proposed \$65 million capital budget.

### 3. Proposed Schedule 9-FERC Rate for 2026

PJM has proposed a Schedule 9-FERC rate of \$0.0916 per MWh of load for 2026 relative to PJM's projected transmission usage of 905 terawatt-hours for 2026. This represents a decrease from the current Schedule 9 FERC rate of \$0.1239 per MWh. The sector-elected representatives of the PJM FC recommend that the Board adopt the proposed rate.

### 4. Proposed Schedule 9-OPSI Rate for 2026

The Organization of PJM States, Inc. ("OPSI") presented its approved budget of \$1,493,000 for 2026. This represents a \$189,500 or 14.54% increase from the 2025 OPSI budget, \$1,303,500. Highlights: Office expenses were revised upwards from \$52,000 to \$63,000 and salaries and

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benefits increased by \$178,000 (\$482,000 to \$660,000), while travel and consulting remained consistent (\$500,000 and \$200,000, respectively).

### 5. Proposed Schedule 9-CAPS Rate for 2026

The Consumer Advocates of the PJM States, Inc. ("CAPS") presented its budget of \$671,200 for 2026. This is an increase of \$38,500 or 6.1% from 2025, \$632,700. Budget increases were noted in salaries and benefits (\$267,800 to \$274,300) and outside services/consulting (\$204,000 to \$235,000).

### 6. Proposed Schedule 9-MMU Rate for 2026

The 2026 Monitoring Analytics' proposed budget is \$17,295,000, a \$587,000 or 3.51% increase from the 2025 original budget, \$16,708,000, and a \$0.7 million or 4.48% increase from the current projected costs of \$16,553,000 for 2025. The projected deferred balance at 12.31.25 is \$0.406 million. The budget increase is driven principally by employee compensation increases partially offset by a decrease in depreciation/interest.

### 7. Proposed Schedule 10 for NERC and RFC 2026 Budgets

The NERC 2026 budget is being proposed at \$128.3 million. The RFC 2025 budget is being proposed at \$35.9 million. These amounts represent an increase of approximately 4.3% or \$5.3 million and 7.4% or \$2.5 million, respectively, from the 2025 budgets for both the NERC and RFC. NERC has proposed a PJM OATT Schedule 10 rate of \$0.0216 per MWh, with a 2026 Forecasted PJM Net Energy for Load of 751.0 terawatt-hours. RFC has proposed a PJM OATT Schedule 10 rate of \$0.0327 per MWh, with a 2026 Forecasted PJM Net Energy for Load of 751.0 terawatt-hours.

**The sector-elected representatives of the PJM FC received updates on the proposed 2026 budgets for CAPS, OPSI, NERC/RFC, and the MMU and were given the opportunity to ask questions and offer comments.**

### 8. Comments

The FC protocols work, and the committee continues to hold regular meetings that include PJM Management, the Board members, and the FC representatives. The FC looks forward to PJM 's

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continued focus on transparency as well as the optimization of expenses and costs, which are consistent with the premise of providing reliable, efficient, and effective market operations.

PJM management and staff who lead the discussion at the various FC meetings do an exemplary job in presenting relevant financial data for FC meeting discussion throughout the year.

Let us know if the Board would like further discussion or information.

Sincerely,

Sector-Elected Representatives to the Finance Committee