

Periodic Review of Default Gross CONE and Gross ACR Values

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Market Implementation Committee - Special Session

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Minimum Offer Price Rule (MOPR) – Attachment DD § 5.14 (h-2)

Only applicable based on certification process

- New resources calculate a default Net Cost of New Entry (CONE) by using the default Gross CONE and subtracting the default Energy and Ancillary Service (E&AS) revenue.
- Existing resources calculate a Net Avoidable Cost Rate (ACR) by using the default Gross ACR and subtracting the unit-specific E&AS revenue.

Market Seller Offer Cap (MSOC) – Attachment DD § 6.4

- Existing resources calculate a Net ACR by using the default Gross ACR and subtracting the unit-specific E&AS revenue.

Unit-specific request is an option (or is some cases requirement) to calculate MOPR or MSOC.



PJM Periodic Review of MOPR and MSOC Values

Beginning with the 2022/2023 Delivery Year, no later than every 4 delivery years, PJM will review and retain or modify the default Gross CONE and default Gross ACR values for MOPR purposes. (OATT Attachment DD § 5.14)

Updated default Gross ACR values are also used for MSOC purposes.

PJM is obligated to follow this process under the tariff but will take through the stakeholder process for input and an Advisory Vote at the MRC and MC



New Default ACR and CONE value applicable for 30/31 DY
(leverage same process used for last update)

Gross CONE	PJM will update from public sources and analysis used in the reference resource and VRR curve periodic review.
Gross ACR	PJM retained The Brattle Group (Brattle) and Sargent & Lundy (S&L) to analyze and update.

6/3/26

6/16/26

Jul 26

Aug 26

Sep '26

- Overview of process for updating values

- MIC special session
- Detailed methodology and highlight any changes from prior review

- MIC review
Draft CONE values and range of ACR values
- MRC first read
Draft CONE and ACR values

- Advisory Vote at the MRC/MC
Final CONE and ACR values

- File changes at FERC no later than 10/1

PJM updated Gross CONE values similarly to the previous iteration.

Notable changes:

- Quadrennial Review included CT, CC and BESS data
- Bonus depreciation spread linearly as follows:
 - 3 years for Solar Tracking, Solar Fixed, Onshore Wind and BESS
 - 7 years for CT
 - 10 years for CC, Coal, Nuclear and Offshore Wind

PJM selected overnight capital costs (Capex) and fixed operating and maintenance costs (FOM) from Assumptions to the Annual Energy Outlook 2026: Electricity Market Module (April 2026) from the U.S. Energy Information Administration

[Table 3 - Cost and performance characteristics of new central station electricity generating technologies](#)

- Financial assumptions for the 2030/2031 CONE values are the same values used in the approved 2025 Quadrennial Review.
- CT, CC, and BESS value is from the approved 2025 Quadrennial Review.

Financial Assumptions	
Expected Life	20 Years
Debt Ratio	55%
Debt Rate	5.8%
Equity Rate	16.0%
Total Tax Rate	27.7%
ATWACC	9.506%
Inflation Rate	2.2%

Financial assumptions developed during 2025 Quadrennial Review were used to determine Gross CONE from the installed capital and fixed O&M costs.



Description and Cost for Reference Resource

Resource Type	Technology Description	Source of Information	Fixed O&M (\$/kW-Year)	Overnight Capital Costs (\$/kW)
Nuclear	2x Westinghouse AP1000 pressurized water reactor (2,156 MW)	EIA	163	7,862
Coal	Ultra-Supercritical coal (650 MW)	EIA	50	5,360
Combined Cycle	1,401 MW CC (Max Summer with duct firing)	Approved Quadrennial Review	49	1,494
Combustion Turbine	440 MW CT (Max Summer)	Approved Quadrennial Review	24	1,396
Solar PV – Tracking	Single-axis tracking (150 MW AC)	EIA	24	1,484
Solar PV – Fixed	Fixed tilt (100 MW AC)	EIA, LBNL	28	1,647
Onshore Wind	200 MW 2.8-MW Wind Turbine Generator (WTG)	EIA	35	1,502
Offshore Wind	900 MW 15 MW WTG	EIA	161	3,711
Battery Energy Storage	200 MW (800 MWh for 4-hour duration)	Approved Quadrennial Review	73	1,820



Preliminary Default CONE values

Resource Types	Gross Cost of New Entry (2026/2027 \$/MW-Day) (Nameplate)	Gross Cost of New Entry (2030/2031 \$/MW-Day) (Nameplate)
1. Nuclear	\$2,568	\$3,166
2. Coal	\$1,480	\$1,963
3. Combined Cycle	\$540	\$632
4. Combustion Turbine	\$427	\$498
5. Fixed Solar PV	\$298	\$604
6. Tracking Solar PV	\$321	\$546
7. Onshore Wind	\$438	\$578
8. Offshore Wind	\$1,351	\$1,762
9. Battery Energy Storage	\$502	\$799

Gross CONE will continue to be escalated for each subsequent delivery year.

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Periodic Review of Default CONE and ACR Values



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Appendix

OATT Attachment DD § 5.14

- *Beginning with the Delivery Year that commences June 1, 2022, and continuing no later than for **every fourth Delivery Year** thereafter, the Office of the Interconnection shall review the **default gross cost of new entry values**. Such review may include, without limitation, analyses of the fixed development, construction, operation, and maintenance costs for such resource types. Based on the results of such review, PJM shall propose either to modify or retain the default gross cost of new entry values stated in the table above. The Office of the Interconnection shall post publicly and solicit stakeholder comment regarding the proposal. If, as a result of this process, changes to the default gross cost of new entry values are proposed, the Office of the Interconnection shall **file such proposed modifications with the FERC by October 1**, prior to the conduct of the Base Residual Auction for the first Delivery Year in which the new values would be applied.*
- *Beginning with the Delivery Year that commences June 1, 2022, and continuing no later than for **every fourth Delivery Year** thereafter, the Office of the Interconnection shall review the **default Avoidable Cost Rates** for Capacity Resource that is subject to the provisions of the Minimum Offer Price Rule pursuant to Tariff, Attachment DD, section 5.14(h-2)(2) that have cleared in an RPM Auction for any Delivery Year. Such review may include, without limitation, analyses of the avoidable costs of such resource types. Based on the results of such review, PJM shall propose either to modify or retain the default Avoidable Cost Rate values stated in the table above. The Office of the Interconnection shall post publicly and solicit stakeholder comment regarding the proposal. If, as a result of this process, changes to the default Avoidable Cost Rate values are proposed, the Office of the Interconnection shall **file such proposed modifications with the FERC by October 1**, prior to the conduct of the Base Residual Auction for the first Delivery Year in which the new values would be applied.*

OATT Attachment DD § 6.4 (a)

The Market Seller Offer Cap, stated in dollars per MW/day of unforced capacity, applicable to price-quantity offers within the Base Offer Segment for an Existing Generation Capacity Resource shall be the Avoidable Cost Rate for such resource, less the Projected PJM Market Revenues for such resource, stated in dollars per MW/day of unforced capacity. A Capacity Market Seller offering above \$0/MW-day must support and obtain approval of a unit-specific Market Seller Offer Cap pursuant to the procedures and standards of subsection (b) of this section 6.4 or may, at its election, if available, utilize a Market Seller Offer Cap determined using the applicable default gross Avoidable Cost Rate for the applicable resource type shown in the table below, as adjusted for Delivery Years subsequent to the 2022/2023 Delivery Year to reflect changes in avoidable costs, net of projected PJM market revenues equal to the resource's net energy and ancillary service revenues for the resource type, as determined in accordance with Tariff, Attachment DD, section 6.8(d-1).

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