

202cSTF Proposal Overview

Lisa Morelli
Sr. Director – Market Settlements

Markets & Reliability Committee
September 25, 2025

- The 202c Cost Allocation Senior Task force was charged with developing cost allocation methodologies to be applied to any future DOE Section 202(c) Orders
 - The level of compensation paid to the resources operating under these orders was out of scope
- Underlying goals of the initiative:
 - Minimize delays in compensation to the owner of the resources specified in such Order
 - Minimize future disruption to the stakeholder calendar/priorities, where prudent

- Early task force discussions revealed stakeholder concern with proactively filing cost allocation methodologies for a broad set of scenarios.
 - Strong sentiment that in many instances the appropriate cost allocation cannot be determined until seeing the details of future orders and how units are being compensated
- Shift in approach → The task force focused on identifying the key attributes of a future DOE order that would drive the cost allocation methodology and/or the type of stakeholder process to be utilized.

The task force identified what [cost allocation methodology and/or stakeholder process](#) will be used for future orders based on the key attributes of the DOE order:

Attributes of DOE Order	Possibilities Discussed
Type of Order	Extension of an existing order without material modification
	A “new” order
Rationale for Issuance of Order	Resource adequacy concern
	Anything else
Locational Specificity of Order	RTO-wide
	Location-specific
If specific location(s) within PJM is identified, does the location(s) map cleanly to PJM LDAs and/or zones?	Yes
	No
Unit Compensation Methodology	DACC-based approach
	Any approach other than a DACC-based approach

If the order is:

- A) a new order issued for Resource Adequacy, RTO wide, and the unit uses the DACC-based compensation methodology OR
- B) an extension of an order in this category;

- PJM notifies stakeholders of intention to administer the pro-forma cost allocation methodology that is already approved in the RAA.
- The existing Eddystone Cost Allocation methodology will be applied – costs are allocated using RTO-wide UCAP Obligation ratio share.

For all other orders issued for Resource Adequacy Concerns:

- Conduct an **Abbreviated Stakeholder Consultation** process to decide upon a cost-allocation methodology which can subsequently be filed within the RAA.
- Candidate cost allocation methodologies developed through the 202cSTF will be the starting point for these discussions.

For all other orders not issued for Resource Adequacy Concerns:

- Conduct a CIFP process to decide upon a cost allocation methodology which can subsequently be filed within the RAA (status quo).

Proposal: Abbreviated Stakeholder Consultation Process

Design Components	Proposal
Where Documented	M34 - new subsection in 8.6
Notification Mechanism	Pardot
Venue for Vetting	Workshop
Posting Location	Workshop page of PJM.com
Number of Meetings	TBD via consultation with stakeholders at first Workshop
Feedback Mechanism	Written, Oral and/or Polling (if time allows)
Timing	Dependent upon circumstances
Vote?	Yes - Informational Only
Venue for Voting	MC or MC - Offline (depending on time allowed)

- The proposal was endorsed by the 202cSTF

In Favor	Preference over Status Quo
82.7%	89.7%

- The work plan targeted a first read at the MRC in September with same day MRC/MC endorsement in October
- Given the extension of the Eddystone 202c order (No. 202-25-8), the 202cSTF discussed expediting the voting of this proposal at the September MRC and MC meetings for the sake of efficiency
 - Avoids the need for a separate filing to address cost allocation for the new Eddystone order in the interim

What elements of the proposal are stakeholders being asked to endorse today?

- RAA revisions to extend use of the existing Eddystone cost allocation methodology to the recent Eddystone extension order and any similar future orders
 - Similar order = Resource adequacy rationale, RTO-wide and unit elects DACC-based compensation
- The creation of the new Abbreviated Stakeholder Consultation Process and the types of 202c orders for which this process will be invoked.

7.2A Responsibility to Pay 202(c) Charge.

Each Party shall pay, as to the loads it serves during a Delivery Year, a 202(c) charge for each resource that is (1) directed to maintain operations for resource adequacy purposes for the PJM Region and is not expressly limited to resolve resource adequacy issues in specific Locational Deliverability Area(s) or Zone(s) by order of the Secretary of Energy pursuant to Federal Power Act section 202(c) on or after associated with order number 202-25-4 of the Secretary of Energy pursuant to Federal Power Act section 202(c) issued on May 30, 2025, and (2) subject to based on an agreement between the parties identified in such 202(c) order setting forth a rate for compensation using the formula rate methodology and processes based on the Deactivation Avoidable Cost Credit set forth in Tariff, Part V, sections 114, 115, 116, 118, 118A with refinements to ensure recovery of incurred costs, which may including include, but are not limited to, maintenance and necessary repairs, and where any refinements to such formula rate are acknowledged and reviewed by the Independent Market Monitor (“Order 202-25-4 Credit”). The foregoing 202(c) charge to each Load Serving Entity shall be equal to the monthly Order 202-25-4-Credit forementioned rate multiplied by each Load Serving Entity’s pro rata share of the sum of the total Daily Unforced Capacity Obligations across all Zones in the PJM Region for all days within the calendar month covered by such the relevant Federal Power Act section 202(c) order.

Chair: Lisa Drauschak,
lisa.drauschak@pjm.com

Secretary: Dave Anders,
david.anders@pjm.com

SME/Presenter: Lisa Morelli,
lisa.morelli@pjm.com

202cSTF Proposal



Member Hotline

(610) 666 – 8980

(866) 400 – 8980

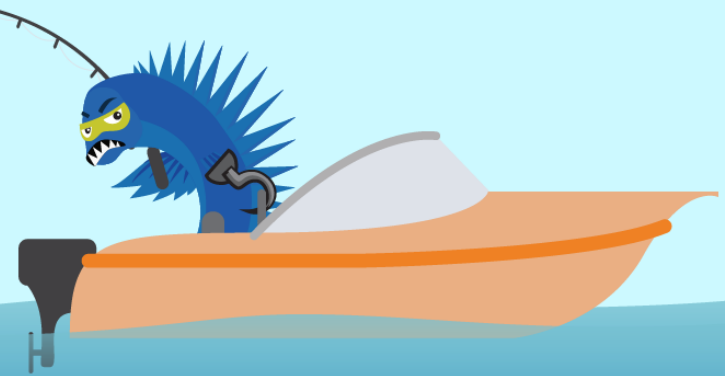
custsvc@pjm.com

**PROTECT THE
POWER GRID**

**THINK BEFORE
YOU CLICK!**



**BE ALERT TO
MALICIOUS PHISHING
EMAILS**



Report suspicious email activity to PJM.
Call (610) 666-2244 or email it_ops_ctr_shift@pjm.com