

Deactivation Enhancement Sr. Task Force Phase II Scope Status Report

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Markets & Reliability Committee
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Disclaimer: While materials are current at the time of publishing, applicable requirements may change. PJM Governing Documents control.

1. Compensation: Compensation mechanism for units agreeing to operate beyond their desired deactivation date. This includes how resources requested to operate beyond their requested deactivation date are offered and modeled in the capacity and energy markets.
2. Timing: Deactivation notification timeline and when and under what circumstances a unit is no longer needed to continue to operate beyond its desired deactivation date.
3. Transparency: Ensure any rules developed in relation to all in-scope items include consideration of transparency of information.

Notes:

- Items 1, 2 and 3 are existing Scope items, and were completed for Phase I.
- Aspects of new Scope items 4 and 5 may address some cost/compensation consideration, which would be addressed in that new Scope item.
- Aspects of new Scope items 4 and 5 may address some transparency consideration which would be addressed in that new Scope item.

4. Potential to accelerate completion of long-term transmission solutions:

- A. Develop procedures for PJM to evaluate grid-enhancing technologies***, reconductoring, other alternative transmission technologies, demand-side management, and energy storage, upon receipt of such solutions from developers, when reliability violations are identified.
- B. Develop procedures for PJM to account for any RMR costs avoided*** by shorter lead-time transmission solutions when comparing the costs of competing transmission solutions.

5. Alternatives to RMR contracts with deactivating generators:

A. Development of process to identify, evaluate, and procure alternative solutions to reliability violations, in lieu of an RMR contract, including mechanisms for compensation.

- A. This process could involve, but is not limited to, new generation assets, energy storage, demand-side solutions, and transmission system enhancements including alternative transmission technologies.
- B. This process may include, but is not limited to, consideration of generation replacement proposals submitted by a deactivating generator (i.e., CIR transfers), or accelerated interconnection processing for resources that would alleviate short-term, local reliability issues.

B. Consider different procurement structures, including request for proposals.

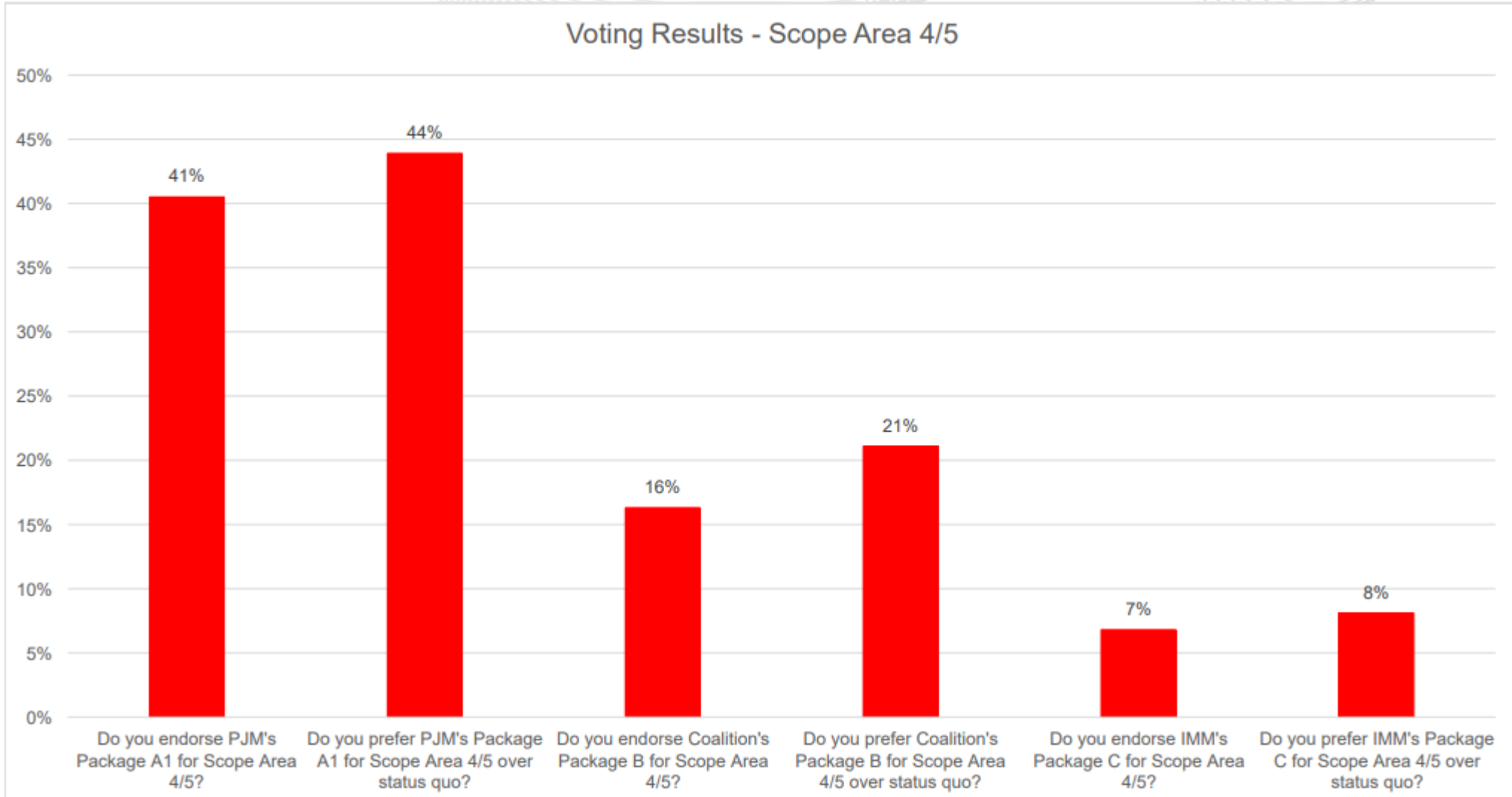
- A. This should address the respective roles for PJM and states in administering the procurement.
- B. A framework for evaluating competing solutions should be developed, including methods to compare costs and benefits across resource types.

6. Pro Forma RMR Arrangements:

Development of a pro forma RMR arrangement and accompanying updates to capacity market rules for deactivating generators that may need to be temporarily retained to maintain reliability.

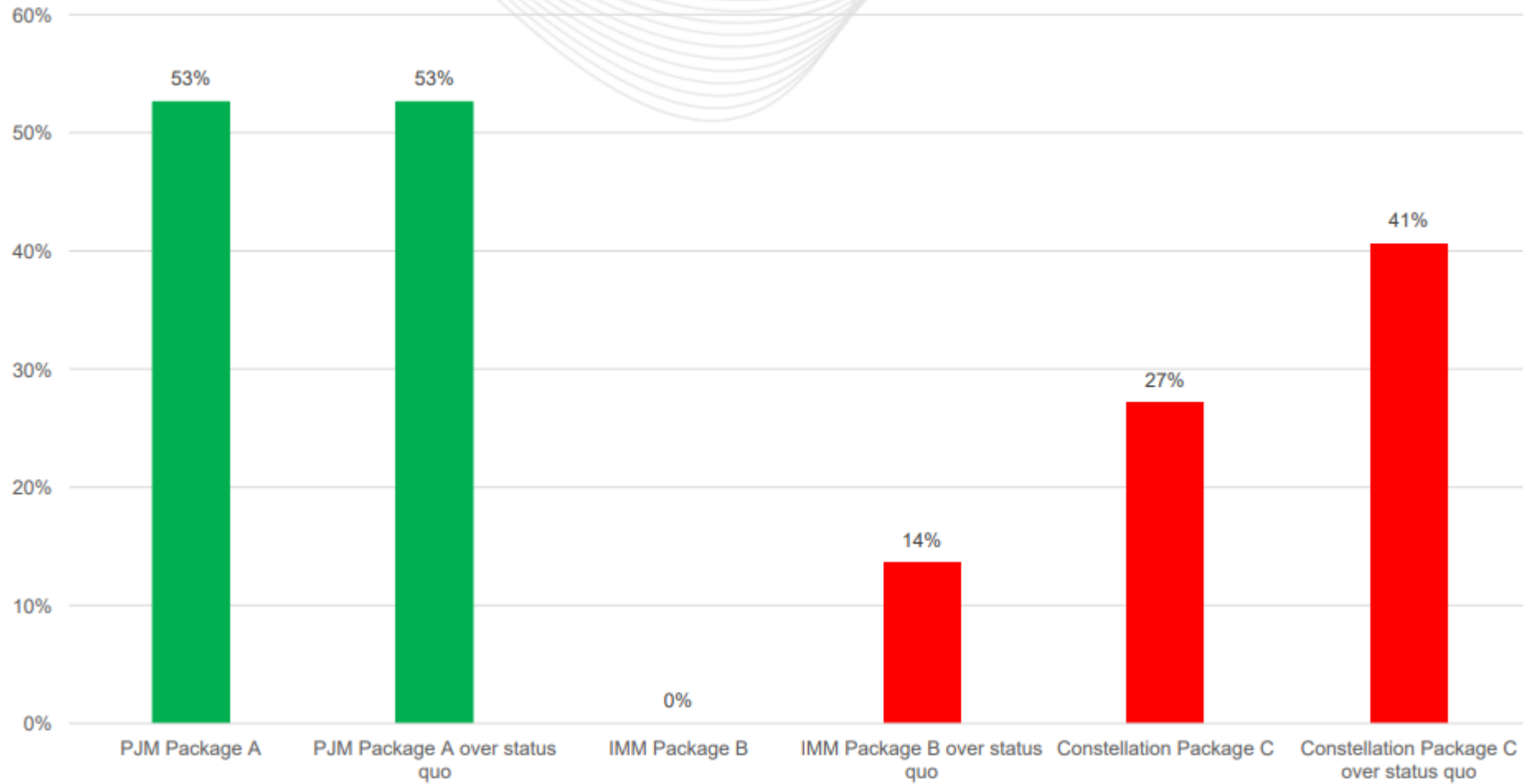
- 1. Capacity market changes.** Any capacity market (with the exception of rules related to recognizing resource adequacy contributions of RMR resources in the capacity market) and/or existing reliability backstop auction issues identified will be assigned separately to the appropriate stakeholder group.
- 2. Expanding justifications for RMRs** beyond the current policies (e.g., to include resource adequacy)

- During the development of matrices for Scope Areas 4 and 5, the DESTF resolved that the solution space for the two areas was coincident – the design components and options were essentially the same.
- Scope Areas 4 and 5 were thus combined
- Three complete proposals were developed:
 - PJM
 - Coalition
 - IMM
- No proposal achieved >50% support
- DESTF review yielded no additional proposals for consideration



- Three complete proposals were developed:
 - PJM
 - IMM
 - Constellation
- PJM proposal received >50% support and preference over the status quo, and is offered for first read at June 24, 2026 Markets & Reliability Committee

Voting Results - Scope Area 6



1	2	3
• DESTF Phase I and II scope is complete.	• Scope Area 4/5 did not produce a proposal that proceeds naturally to the MRC.	• Scope Area 6 proposal is offered for MRC consideration.

Presenter:

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DESTF Phase II Scope Status Report

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Member Hotline

(610) 666 – 8980

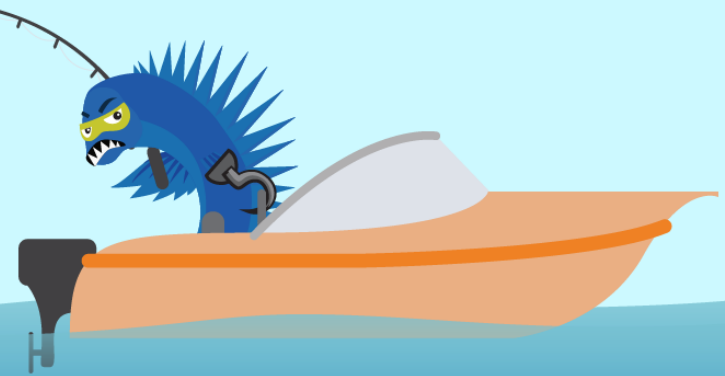
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