

5.3 Commitment of Contractually Purchased Capacity Resources

- (a) A Load Serving Entity that has purchased the right to the capacity output of a generation resource and desires to commit such right as a Capacity Resource for a Delivery Year shall be considered a Capacity Market Seller. Such an LSE must submit a Sell Offer in the Base Residual Auction for such Delivery Year, in accordance with the procedure and time schedule set forth in the PJM Manuals. In such Sell Offer, the Capacity Resource offered by the LSE may be submitted as Self-Supply or with an offer price. PJM Settlement shall not be the Counterparty with respect to a Capacity Resource designated as Self-Supply.
- (b) (i) A Generation Capacity Resource retained through an executed Form Reliability Must Run Service Agreement under Tariff, Part V that does not clear an RPM Auction for the relevant Delivery Year based on an offer, if any, submitted by the Capacity Market Seller of such resource and is subject to the Deactivation Avoidable Cost Credit or a cost of service revenue requirement submitted in accordance with Tariff, Part V and accepted by the Federal Energy Regulatory Commission to be effective for the relevant Delivery Year at least three months prior the posting of the planning parameters, or
- (ii) For Delivery Years up to and including the 2028/2029 Delivery Year (unless an extension of these provisions are proposed by the Office of Interconnection and accepted by the Federal Energy Regulatory Commission), a Generation Capacity Resource that has been retained pursuant to Tariff, Part V to address transmission reliability and that (1) does not clear an RPM Auction for the relevant Delivery Year based on an offer, if any, submitted by the Capacity Market Seller of such resource and (2) is the subject of a rate schedule submitted in accordance with Tariff, Part V that (~~Aa~~) obligates the Generation Capacity Resource to operate throughout the relevant Delivery Year and (~~Bb~~) has been accepted by the Federal Energy Regulatory Commission to be effective for the relevant Delivery Year at least three months prior the posting of the planning parameters, shall be deemed to be the subject of a Sell Offer at \$0/MW-Day in the Base Residual Auction for the full available Accredited UCAP (up to the resource's Capacity Interconnection Rights) of such resource to the extent the Generation Capacity Resource:
- (A) is reasonably expected to be deliverable and able to operate during the relevant Delivery Year in accordance with applicable permits and is not prohibited from operating during the relevant Delivery Year based on any bilateral restrictions with any private third-party entity; and
- (B) is reasonably expected to be available for dispatch by the Office of the Interconnection in expectation of any PJM emergencies and to perform to address emergencies absent the resource being on an outage.

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- (ii) To the extent the final Accredited UCAP of a Generation Capacity Resource's capacity accreditation is greater than the amount considered in the Base Residual Auction in which the resource was deemed to be the subject of a Sell Offer, the Office of Interconnection shall deem any additional increase to be the subject of a Sell Offer at \$0/MW-Day for the full additional Accredited UCAP in the Third Incremental Auction for the relevant Delivery Year. To the extent (a) the final Accredited UCAP of a Generation Capacity Resource's capacity accreditation is less than the amount considered in the Base Residual Auction in which that ~~the~~ resource was deemed to be the subject of a Sell Offer or (b) the Generation Capacity Resource no longer meets the criteria in Tariff, Attachment DD, section 5.3(b)(i), the Office of Interconnection shall seek additional capacity commitments equivalent to the Unforced Capacity shortfall through the Third Incremental Auction for the relevant Delivery Year in accordance with Tariff, Attachment DD, section 5.4(c).
- (iii) The cleared Unforced Capacity of a Generation Capacity Resource that meets the criteria in Tariff, Attachment DD, section 5.3(b)(i) above, shall be counted toward the Final RTO Unforced Capacity Obligation for the relevant Delivery Year. Provided, however, to the extent the final Accredited UCAP is less than the amount counted in the Base Residual Auction or the Generation Capacity Resource no longer meets the criteria in Tariff, Attachment DD, section 5.3(b)(i) prior to the determination of the final Zonal Capacity Prices associated with the relevant Delivery Year, the cleared Unforced Capacity shall be reduced by a commensurate amount.
- (iv) A Generation Capacity Resource subject to this Attachment DD, section 5.3(b), shall not be subject to the rights and obligations of a committed Capacity Resource. Further, such Generation Capacity Resource shall not be eligible for Non-Performance Charges or bonus payments and the performance and cleared Unforced Capacity of such Generation Capacity Resource shall be excluded from the Balancing Ratio, as specified in Tariff, Attachment DD, section 10A.
- (v) All capacity market revenues associated with the cleared Unforced Capacity of such Generation Capacity Resource shall be credited to the entities that are paying for the continuing operations of the Generation Capacity Resource pursuant to the rate schedule discussed above in subsection (b)~~(i)(2)~~. Such revenues shall be credited to the load in the Zone(s) of the Transmission Owner(s) that is assigned financial responsibility for the reliability upgrades associated with the deactivation of such Generation Capacity Resource in accordance with Tariff, Part V, section 120. However, no such capacity revenues shall be credited to the entities that paid for the continuing operations of the Generation Capacity Resource pursuant to the rate schedule discussed above beginning on the date such rate schedule ceases to be in effect, or the resource deactivates or has a catastrophic failure that physically prevents the resource from operating during the relevant Delivery Year; and to the extent this occurs after the determination of final Zonal Capacity Prices for the relevant Delivery Year, the capacity market

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revenues associated with the cleared Unforced Capacity of such Generation Capacity Resource shall be distributed on a pro-rata basis back to all Load Serving Entities that were charged a Locational Reliability Charge for the day based on their Daily Unforced Capacity Obligations.