



Constellation®

Deactivation Enhancements Sr. Task Force Scope Area 5 & 6 Proposal

Markets and Reliability Committee

July 28, 2026

Pro Forma RMR Agreement



- Constellation recognizes PJM's desire to develop a more efficient process when an RMR agreement is necessary.
- However, Constellation is concerned that PJM's current proposed Pro Forma RMR Agreement may impose performance obligations on the asset owner without clear line of sight for cost recovery, which could occur if the RMR agreement becomes effective prior to when a cost-of-service rate filing (contemplated in section 4.0 of PJM's Pro Forma RMR Agreement) at FERC is completed to the asset owner's reasonable satisfaction.
- The terms and conditions of service and cost recovery are interrelated – asset owners must have certainty that they can recover the costs needed to safely and reliability operate the unit prior to operating it as an RMR.
- To ensure that asset owners are not forced to operate an RMR without reasonable costs recovery, Constellation proposes the following changes to the Pro Forma RMR Agreement.
 - Section 2.1: Allows the asset owner to terminate the agreement under certain specific conditions.
 - Section 2.2: Provides for termination under the following conditions:
 - Upon the occurrence of a Catastrophic Force Majeure
 - If PJM does not approve Project Investment
 - By exercising its right to deactivate the RMR Resource as permitted by PJM OATT, Section 113.3 (asset owners would provide 90-days' notice).
 - Section 2.3: Ensures that if the RMR agreement is terminated, the asset owner will be entitled to recover all prudently incurred costs.
 - Section 2.5: Clarifies the right of the asset owner to accept or reject PJM's extension of the RMR Agreement.

RMR Resources Are Not Capacity Resources



- RMR resources are not Capacity Resources and are not held to the same requirements as Capacity Resources.
- **PJM Tariff: RMR resources "shall not be subject to the rights and obligations of a committed Capacity Resource."** PJM OATT Attachment DD, Section 5.3(b)(iv).
 - Not subject to the rights and obligations of a committed Capacity Resource.
 - Not eligible for Non-Performance Charges or bonus payments and excluded from the Balancing Ratio.
 - Not required to offer into the energy market.
 - Not subject to operational and capability testing.
- **PJM Pro Forma RMR Agreement: Generation Owners "shall not offer the RMR Resource into Reliability Pricing Model Auctions, and shall not be subject to penalties arising under the Reliability Pricing Model Auctions for operation of the RMR Resource."** Pro Forma RMR Agreement Section 3.2.

RMR Resources and Market Interactions



- **Deployment of RMR Resources**

- Section 3.0: Removal of the term "economic" to ensure RMR resources are dispatched as a last resort.
- Section 3.1: Removal of scheduling RMR units for a "capacity emergency."
 - RMR units are evaluated and retained when retirement would "adversely affect the reliability of the Transmission System." PJM OATT Section 113.2.

- **Inclusion in Capacity Market Supply Stack**

- Inclusion of RMR resources' UCAP value in the capacity market supply stack was directed at two resources (Brandon Shores and Wagner) for a specific period time (currently through the 2028/29 Delivery Year with extension through the 2030/31 Delivery Year pending before FERC).
 - Blanket application to other resources and other scenarios is not appropriate especially given the purpose of an RMR Agreement is to preserve the reliability of the transmission system (Recital C) and RMR resources are not RPM capacity resources.
- There should be no blanket inclusion of RMR resources' UCAP value in RPM auctions.
- To the extent any RMR resource is included in RPM auctions, it should be included at the RMR resource's contracted rate less any resource-specific Energy and Ancillary Services Offset.
 - When an RMR resource's UCAP value is included in an RPM auction, all capacity market revenues shall be credited to the entities that are paying for the continuing operations of the RMR resource. PJM OATT Attachment DD, Section 5.3(b)(v).