Problem/Opportunity Statement

June 17, 2025

COST ALLOCATION ISSUES RELATED TO DOE ORDERS

PROBLEM / OPPORTUNITY STATEMENT

As explained in the PJM Board of Manager's June 9, 2025 letter initiating a Critical Issue Fast Path (CIFP), the Secretary of Energy has issued an Order[1] under Section 202(c) of the Federal Power Act, requiring Constellation Energy's Eddystone Units 3 & 4 to continue operating for 90 days. Constellation Energy has elected to utilize the Deactivation Avoidable Cost Credit ("DACC") under Part V of the PJM Tariff as the basis for its compensation. However, Part V of the PJM Tariff as it currently stands addresses the retention of generation facilities based upon specific transmission constraints, and accordingly its corresponding cost allocation methodology is not oriented towards resource adequacy concerns, which is the basis for the Secretary's Order. In light of these circumstances, a revised cost allocation methodology specific to the continued operation of the Eddystone Units for the 90-day period under the Secretary's Order is necessary, to ensure that the cost impacts of the Eddystone Units' continued operation are reflective of the region-wide resource adequacy concerns contemplated by the Secretary's Order.

The potential consequences of no action being taken through a stakeholder process included Constellation being required to be ready to operate without a means of PJM collecting monies to compensate the Eddystone Units. .

That CIFP resulted in proposals that addressed the specific issues relating to the Eddystone Units for a time limited period, and it is anticipated that any proposal ultimately selected will sunset within some period of time.

This more generic stakeholder process is being initiated to address potential future DOE 202(c) Orders that may require resources to run beyond deactivation dates, and therefore require allocation of their costs.

[1] A copy of the Secretary's Order No. 202-25-4 is available here: https://www.energy.gov/ceser/federal-power-act-section-202c-pjm-interconnection