



Connect and Manage Cost Allocation Impacts and RPM Obligations

Tim Horger, Senior Director

Connect and Manage Senior Task Force

April 10, 2026



Connect and Manage Cost Allocation Impacts



Example – Cost Allocation impacts of Connect and Manage and RPM

Key Points:

- Connect and Manage is only to be used if there is a capacity shortage.
- RPM price is at the cap regardless of the quantity of shortage.
- Load only pays for RPM supply.
- Including large load in RPM that is subject to Connect and Manage reduces costs to non-large loads.

Example for illustration purposes and does not represent actual RPM results

	Scenario 1 (Include Large Load in RPM)	Scenario 2 (Exclude Large Load from RPM) Out of scope for Connect and Manage
RPM Load	150,000 MW	145,000 MW
RPM Supply	144,000 MW	144,000 MW
RPM shortage	6000 MW	1000 MW
Large Load	5000 MW	5000 MW
Is Connect and Manage necessary?	Yes	Yes
RTO RPM Price	\$325	\$325
Cost to All Load	\$46.8 million/day (144,000 MW * \$325/MW-day)	\$46.8 million/day (144,000 MW * \$325/MW-day)
Costs to non-LL	\$45.24 million/day (145,000 MW/150,000 MW)*46.8 million)	\$46.8 million/day
Costs to LL Only	\$1.56 million/day (5,000 MW/150,000 MW)*46.8 million)	\$0

RPM Obligations Status Quo

- LSEs are charged for their Daily Unforced Capacity Obligation in a zone priced at applicable Final Zonal Capacity Price for the Delivery Year
- Charges are calculated daily and billed weekly

Daily Zonal UCAP Obligation MW

- Each zone with RPM load receives a share of the RTO-procured UCAP based on its share of forecasted peak load
- LSEs receive share of Zonal UCAP based on EDC allocation



Final Zonal Capacity Price

Weighted average price of capacity in zone (weighted by UCAP cleared in auctions):

- Marginal value of system capacity
- Locational Price Adders, if any, for zones in constrained LDAs
- Any required adjustments (e.g. make-whole payments)

Zonal UCAP Obligation MW

Total RTO-procured UCAP MW across all RPM auctions for the Delivery Year is allocated to each zone based on its share of forecasted peak load

Example (for RPM load):

- RTO procured UCAP MW in RPM Auctions = 140,000 MW
- RTO forecasted peak load for Delivery Year = 150,000 MW
- Zone A forecasted peak load = 15,000 MW (10% of total)
- Zone A UCAP Obligation = 14,000 MW (140,000 MW * 10%)

LSE Share of Zonal UCAP Obligations

Zonal UCAP Obligation MW are allocated to customers and LSEs in the zone based on EDC-defined methodologies

- EDCs are responsible for allocating prior summer weather normalized peak load of zone to customers and determining obligation peak loads (typically based on 5 CPs)
 - [THEO, PLC & NSPL Methodology Inventory](#)
- EDCs are also responsible for uploading obligation peak load data into system for each LSE serving load in their zone
- Obligation peak loads are multiplied by zonal scaling factors and FPR to determine each LSE's Daily Zonal UCAP Obligation MW

EDC can adjust Capacity Obligations for Connect and Manage Load if desired

Presenter:
Tim Horgler,
Tim.horgler@pjm.com

Connect and Manage Cost Allocation Impacts and RPM Obligations



Member Hotline

(610) 666 – 8980

(866) 400 – 8980

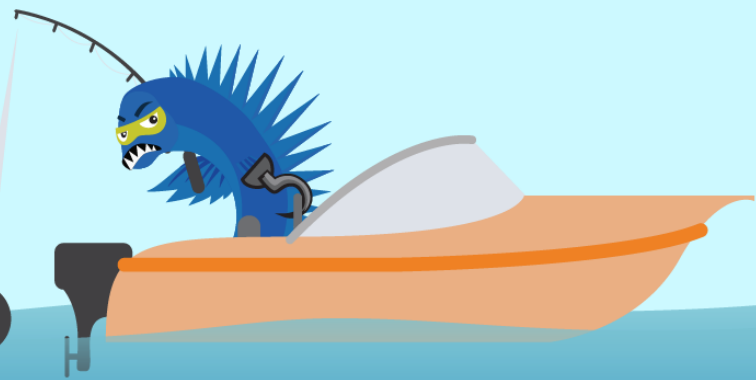
custsvc@pjm.com

**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**