Avoiding RMRs in PJM

Solution Package for Alternatives to RMRs

Presented by Illinois CUB, NRDC, and Roselle

Deactivation Enhancements Senior Task Force

November 13, 2025

Overarching Goals

1. Avoid reliability must-run arrangements (RMRs) by evaluating cost-effective alternatives, including generation, while maintaining reliability.
2. Evaluate potential future reliability risks caused by deactivations.
3. Develop tools for PJM and states to enhance planning and avoid RMRs.
4. Balance economic decision-making for deactivating generators with reliability & cost-effective alternatives for RMRs.

Value proposition of our solution options

- Gives PJM **additional reliability tools** by allowing for a cost-effective, competitive solution to the reliability problem. If there is no workable alternative, the RMR goes forward.
- Allows states and PJM to **get ahead of reliability issues** due to state law deactivations.
- Improves certainty for planning by relying on **known** deactivations and state laws, not speculative ones.
- Allows more technologies and generators to **compete** to resolve the reliability issue.
- **Workable** with PJM's existing rules.

Process Overview

1. PJM evaluates retirements for reliability issues quarterly.
2. If reliability violations are identified, two paths for alternatives solicitation:
    a. **PATH 1: Reliability issue is due to generator with a deactivation notice:** PJM conducts an alternatives solicitation.
    b. **PATH 2: Reliability issue is not due to a deactivation notice, but due to state law:** PJM assists the state with an alternatives solicitation.
3. Selected alternative solutions must satisfy the reliability need, come in-service by a specified date, and be more cost-effective than an RMR. Alternative solutions:
    a. Could include generation, transmission (including storage as a transmission asset), and advanced transmission technologies. Includes portfolios.
    b. Are permitted a limited expedited interconnection study process to ensure timely in-service date (see slide 10)

To allow time for this solicitation, we believe deactivation notice period must be extended to 2 years.

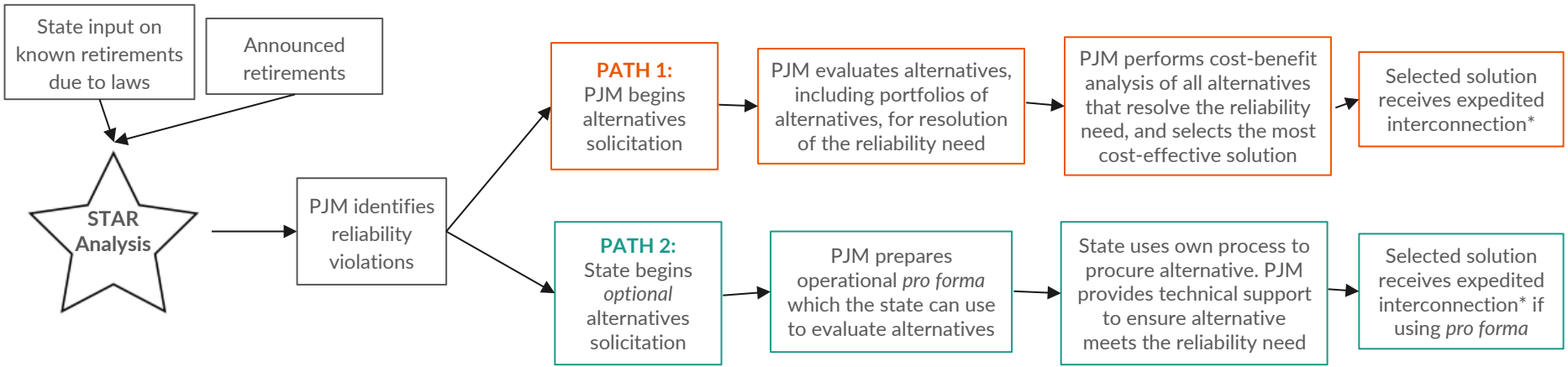
Feedback from stakeholders and PJM

We have received feedback from stakeholders and PJM. We've heard:

1. **Timelines:** Need to work out timelines for deactivation notice, solicitation, interconnection study, transfer of CIRs, and actual deactivation of the unit.
2. **Role of existing RMR resource:** Stakeholders had questions about how the existing resource may proceed under our proposal. PJM needs confidence that an alternative solution would come in service before retiring the existing unit. When do we reach this level of confidence?
3. **Expedited interconnection study:** Clarification of expedited interconnection study, including technical details and modeling.
4. **Compensation for alternative:** Alternative generators are given expedited interconnection and market revenues. Additional cost-of-service payments may be unnecessary.
5. **Lookback:** Stakeholder interest in a "lookback" for immediate needs to avoid redundant spending.

Feedback: Timelines

To make timelines work, **propose to extend deactivation notice to 2 years**. Open to further extensions.

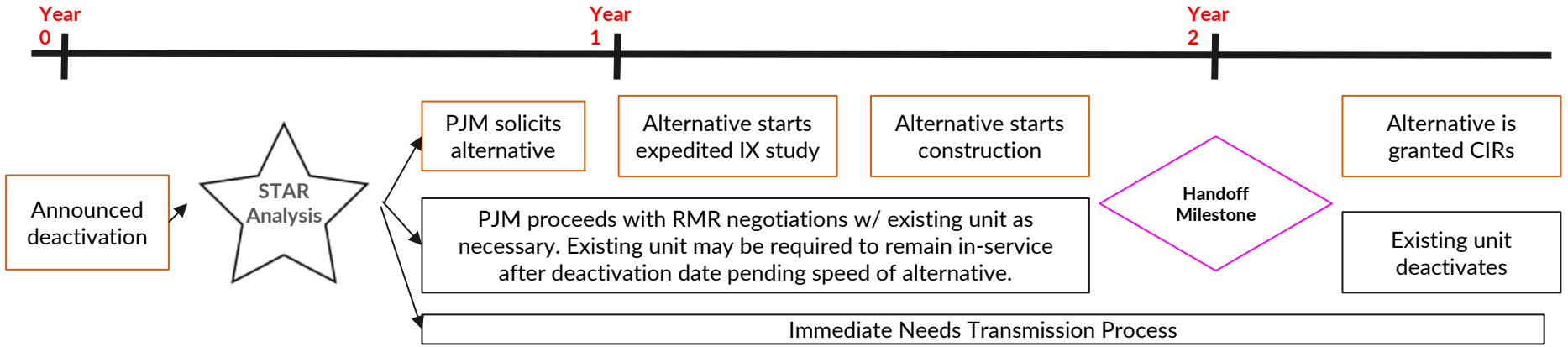


*Expedited interconnection limited to resources who do not trigger network upgrades.

Feedback: Role of Existing Resource and Handoff to Alternative Solution

PJM needs confidence that an alternative solution would come in service before retiring the existing unit.

- **Under our proposal, the existing resource would proceed with the RMR process until reaching a "Handoff Milestone."**
- The existing generator would proceed to deactivation.
- Retiring unit proceeds with RMR process for as long as necessary before alternative reaches Handoff Milestone. At that point, it is allowed to officially deactivate.



Feedback: Expedited Interconnection Details

How to keep interconnection study process time-limited and ensure PJM has clarity to know if an RMR will be necessary?

We are open to working with PJM and interconnection experts to make this timeline workable. Some factors we believe will help, and intend to further examine:

- CIR transfer proposal as a model?
- Key distinctions from standard interconnection study:
  - No need to continue study once PJM learns a key eligibility requirement is violated (like network upgrades). Is it possible to structure analysis so this information emerges more quickly from the process?
  - No possibility of restudy.
  - Electrical radius.

Feedback: Compensation for alternative solutions

Alternative generators are given expedited interconnection and market revenues. They may not also need cost-of-service agreements.

- Competitive solicitation process will put pressure on bids to be cost-effective
- If alternative solutions can meet the reliability need without a cost-of-service agreement, they can offer to do so
- Per selection criteria, PJM would select a more cost-effective option among viable alternative solutions

Feedback: Lookback

Stakeholder interest in a “lookback” for immediate needs to avoid redundant spending.

- After an alternative to the RMR is selected, opportunity to see if replacement transmission can be scaled down (but not eliminated)
- We are interested in understanding more about how a lookback could work