



Avoiding RMRs in PJM

Solution Package for Alternatives to RMRs

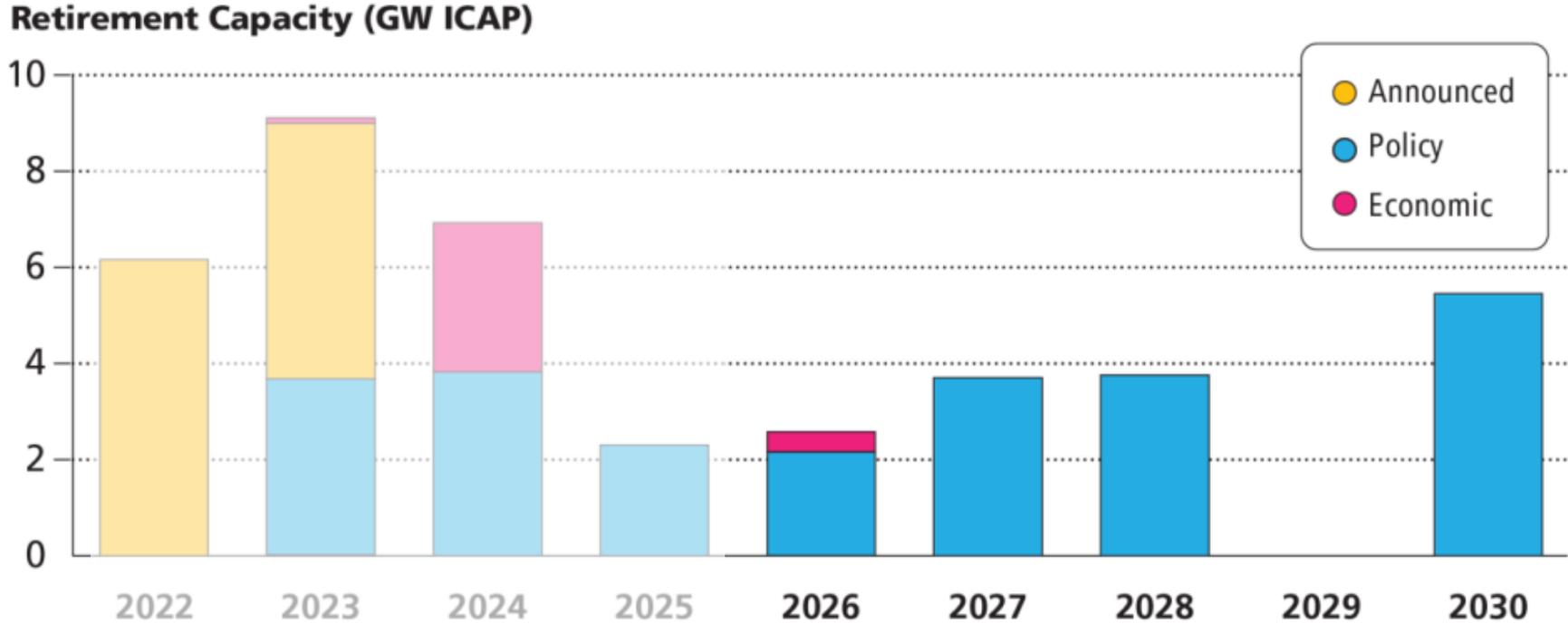
Presented by Illinois CUB, NRDC, Maryland OPC, Sierra Club, and Roselle LLP

Deactivation Enhancements Senior Task Force

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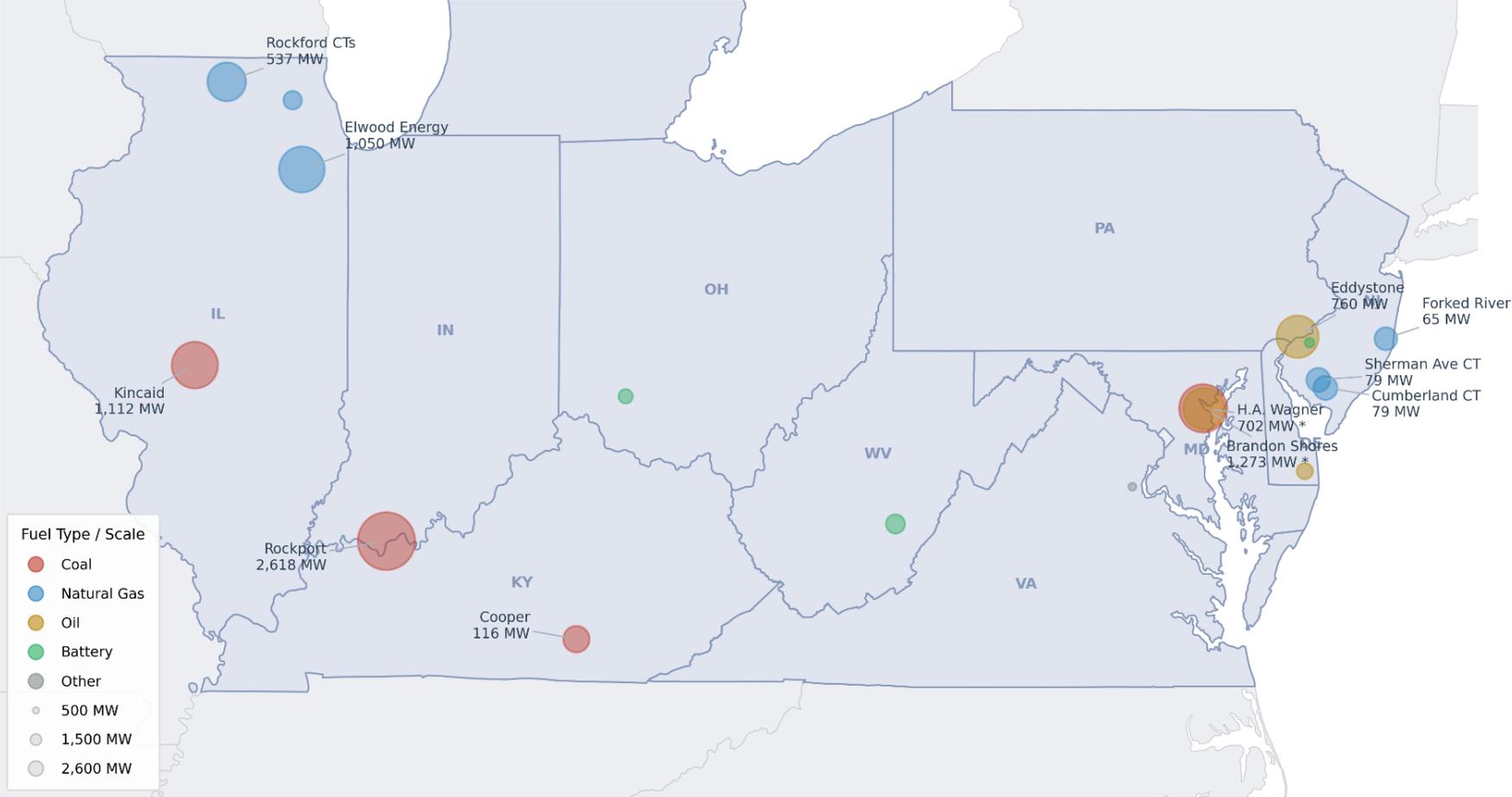
Deactivations are coming, and PJM needs tools to prepare.

Figure 1. Total Forecast Retirement by Year (2022–2030)



Source: [PJM 4R report](#).

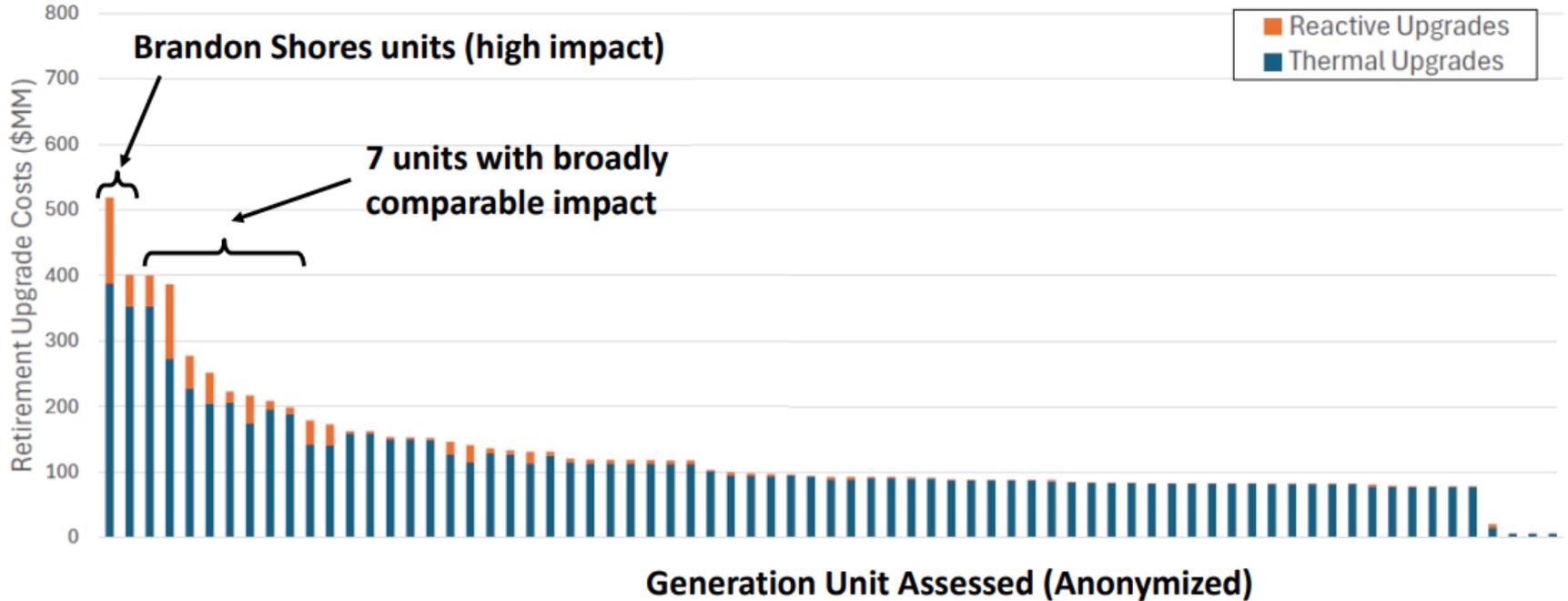
PJM Announced Generation Retirements Now - 2030



Source: [PJM Generator Deactivations Page](#)

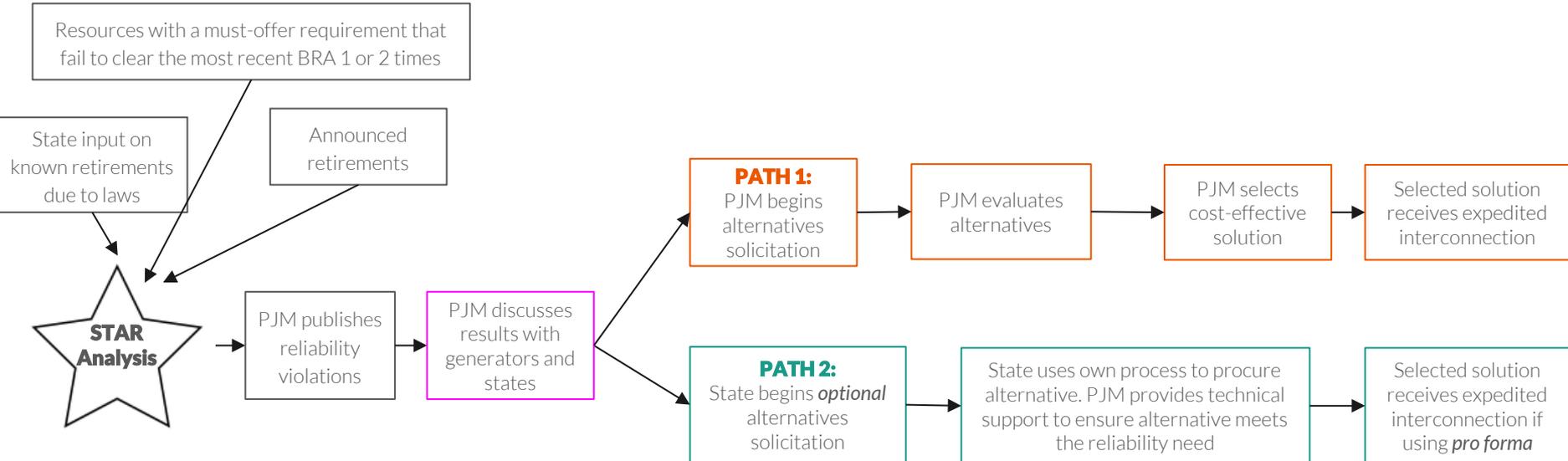
Retirements with Major Impacts Likely Exist

Potential Deactivation Impacts of Currently Operating Legacy Generators in PJM (Plus Brandon Shores)



Our Proposal Enhances PJM's Planning Tools

Process Overview



Enhancement #1: Advanced Warning



PJM will conduct regular “Short Term Assessments of Reliability” (STAR) to evaluate the transmission security risks of deactivations 5-years forward. Report inputs:

1. State-policy driven deactivations, listed to PJM from a state regulator
2. Announced deactivations 24 months in advance
3. Resources with a must-offer requirement that failed to clear the most recent BRA either 1 or 2 times

Enhancement #1: Advanced Warning



STAR analysis will indicate transmission security risks **years in advance of a deactivation.**

Star analysis results can:

- Help states design solicitation strategies to resolve risks caused by law-driven retirements.
- Define problems and provide opportunities for deactivating generators.
- Signal a market response.
- Give PJM time to avoid reliability gaps and replace retiring units with cost-effective alternatives.

Enhancement #2: Opportunities for Deactivating Generator



Generators flagged for a transmission security violation in the STAR analysis has the opportunity to propose a market-based solution and inform PJM of its plans, including:

- Redevelopment
- CIR transfer to third-party

Plans must be:

- Aligned with state laws and verified by a state regulatory agency.
- More cost-effective than retaining the deactivating generator, including an estimation of any out-of-market or RMR payments.
- In service on a reasonable timeframe.

Enhancement #3: Formalized Assistance for States



This process will **give states more information** about law-driven deactivations and **formalize the roles of PJM and states** who wish to solicit replacements.

- State authority/regulator could conduct their own solicitation and clearly communicate timeline, milestones, etc.
- If requested, PJM will provide technical assistance evaluating resources that could resolve the identified reliability need as quickly as possible to meet state deadlines.
- CEII information will remain confidential.
- PJM could grant expedited interconnection to the state's selected replacement, if requested.

State policies will be main driver of deactivations over the next decade.

Enhancement #4: Competitive Solicitation as Backup



If market, state, or resource owner do not provide plan to resolve the transmission security need, PJM will act.

1. Initiate RMR negotiations with deactivating generator.
2. Proceed with Immediate Needs Transmission process.
3. Start evaluating cost-effective alternatives that can reduce the duration, runtime, or total need for an RMR while ensuring transmission security.
4. Select cost-effective alternative to RMR.
5. Grant expedited interconnection to alternative.

RMRs impose unique risks on the public, and avoiding them requires deviations from the status quo. A competitive solicitation provides a market-based opportunity for new resources to resolve the need.

Enhancement #5: Expedited Interconnection



PJM will offer limited, expedited interconnection process for state-selected replacements to resolve reliability needs and PJM-selected replacements.

- 180 day interconnection study, similar to Surplus Interconnection Service Process, but including the deactivating resource's CIR headroom
- No network upgrades
- Study of storage resources will take into account operational charging behavior commitments

Questions?



Contact:

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Appendix: Process Details

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.