Avoiding RMRs in PJM

Solution Package for Alternatives to RMRs

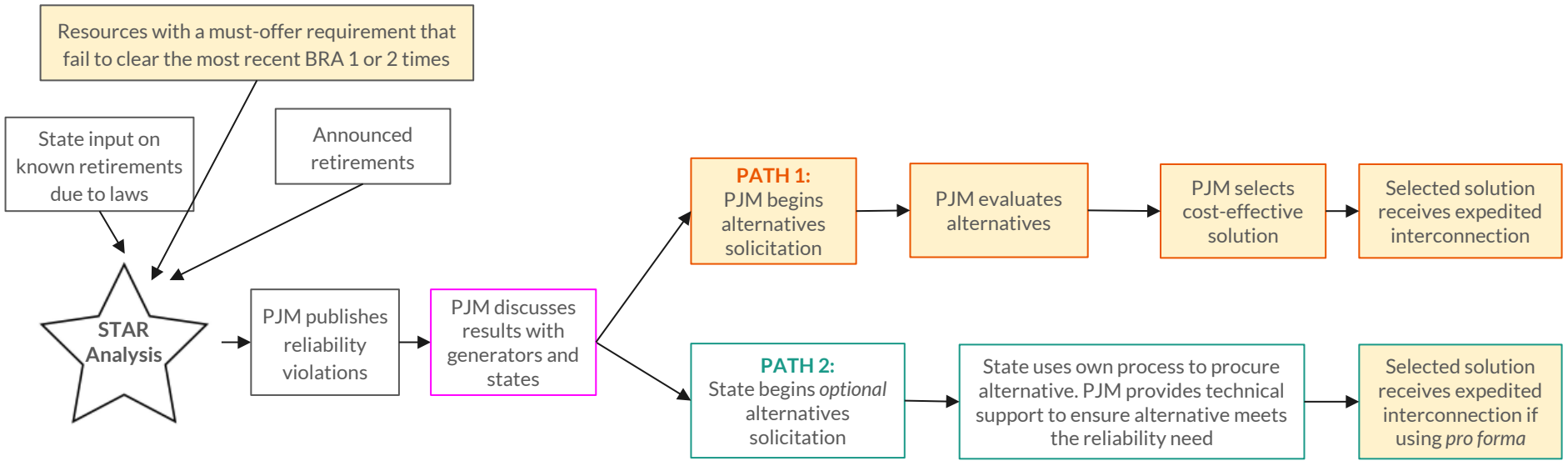
Presented by Illinois CUB, NRDC, Maryland OPC, Sierra Club, and Roselle LLP

Deactivation Enhancements Senior Task Force

May 19, 2026

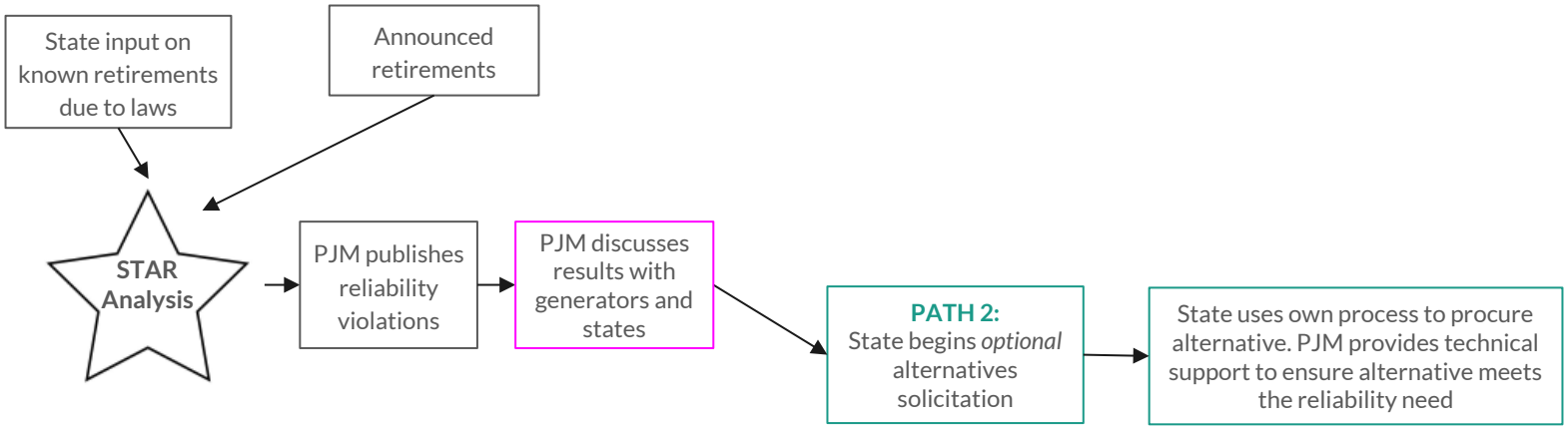
Coalition Package Process Overview

Yellow = not present in PJM package



Immediate Needs transmission proceeds, but with cost containment.

PJM Package Process Overview



Immediate Needs transmission proceeds without cost containment.

Core distinctions from other packages

Distinction #1: Advanced Warning with Economic Triggers

Our package includes analyzing legacy generators that fail to clear the BRA 1x or 2x in STAR analysis (see Brattle presentation for more detail).

- Creates opportunity for legacy generator to plan to fix potential transmission security violations *before* 1-year deactivation window to avoid RMR.
- Offers clear information for generator replacement solution (of all technology types) that would maintain reliability. Gives time for market response.

Caveats:

- STAR results are informational-only. No action will be taken without consulting with deactivating generator and until generator submits deactivation notice.
- STAR analysis will not include generators that fail to clear for administrative reasons (errors, etc).
- STAR results only include generators that fail to clear BRA *and* show transmission security violations.

Distinction #2: Expedited Interconnection for State Path

Problem: Current CIR Transfer rules fall short by allowing up to a 4-year delay between deactivation and replacement. **This gap could require some states to violate statutory deadlines or exceed pollution limits by requiring a legacy generator to remain online.**

Our package enhances existing CIR transfer rules in limited circumstance where deactivation is both state-driven AND triggers transmission security violation.

Both PJM and the Coalition packages will give states more information about law-driven deactivations and formalize the roles of PJM and states who wish to solicit replacements. **But, Coalition package also contains expedited interconnection to eliminate gaps between deactivation→ replacement.**

Distinction #3: Immediate Needs Cost Containment

Our package keeps the Immediate Needs transmission solicitation as-is, recognizing that transmission may be a suitable long-term solution to identified violations. Immediate Needs transmission will proceed while an alternative solution is in place instead of an RMR.

Our package adds **common-sense cost containment** to the Immediate Needs transmission:

- Cost benchmarking analysis comparable to MISO's Transmission Cost Estimation Guide. Cost overruns are capped at 10% of the benchmarked project budget.
- PJM will perform a cost-benefit analysis on the project if it were to use advanced conductors, DLRs, and Advanced Power Flow Control devices. If the cost-benefit ratio improves, the Designated Entity is required to use them.
- If the transmission solution completion is more than 3 years (running past the immediate need trigger), PJM reviews to see whether a competitive procurement can be done.

Distinction #4: PJM 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.

	Coalition Package	PJM Package	IMM Package
Reliability	-Analysis of state laws, announced deactivations, and plants at risk that will cause RMRs -Transmission build plus competitive process to replace retiring unit with new asset -Smooth resource replacement (formal expedited ix process)	-Analysis of state laws and announced deactivations that will cause RMRs -Transmission build; RMR	-Analysis of state laws, announced deactivations, and plants at risk that will cause RMRs -Smooth resource replacement (formal expedited ix process)
Affordability	-Chosen solution required to be more cost-effective than RMR -Cost containment for Immediate Needs Transmission -Cost-benefit analysis for use of ATTs in Immediate Needs process		-Cost caps for Immediate Needs Transmission -Cost reduction because replacement is for retiring asset *or* transmission **Out of scope: increases sub-LDA clearing prices and EAS offsets*
Competition	-Generation, storage, DR can all compete to obviate RMR		-Generation, storage, and transmission all compete to obviate RMR *and* Immediate Needs
Alignment with state laws	-Identifies retirements due to state law -Process for state to replace retiring resource with own procurement -Smooth resource replacement (formal expedited ix process)	-Identifies retirements due to state law -Process for state to replace retiring resource with own procurement	

Questions?

Contact:

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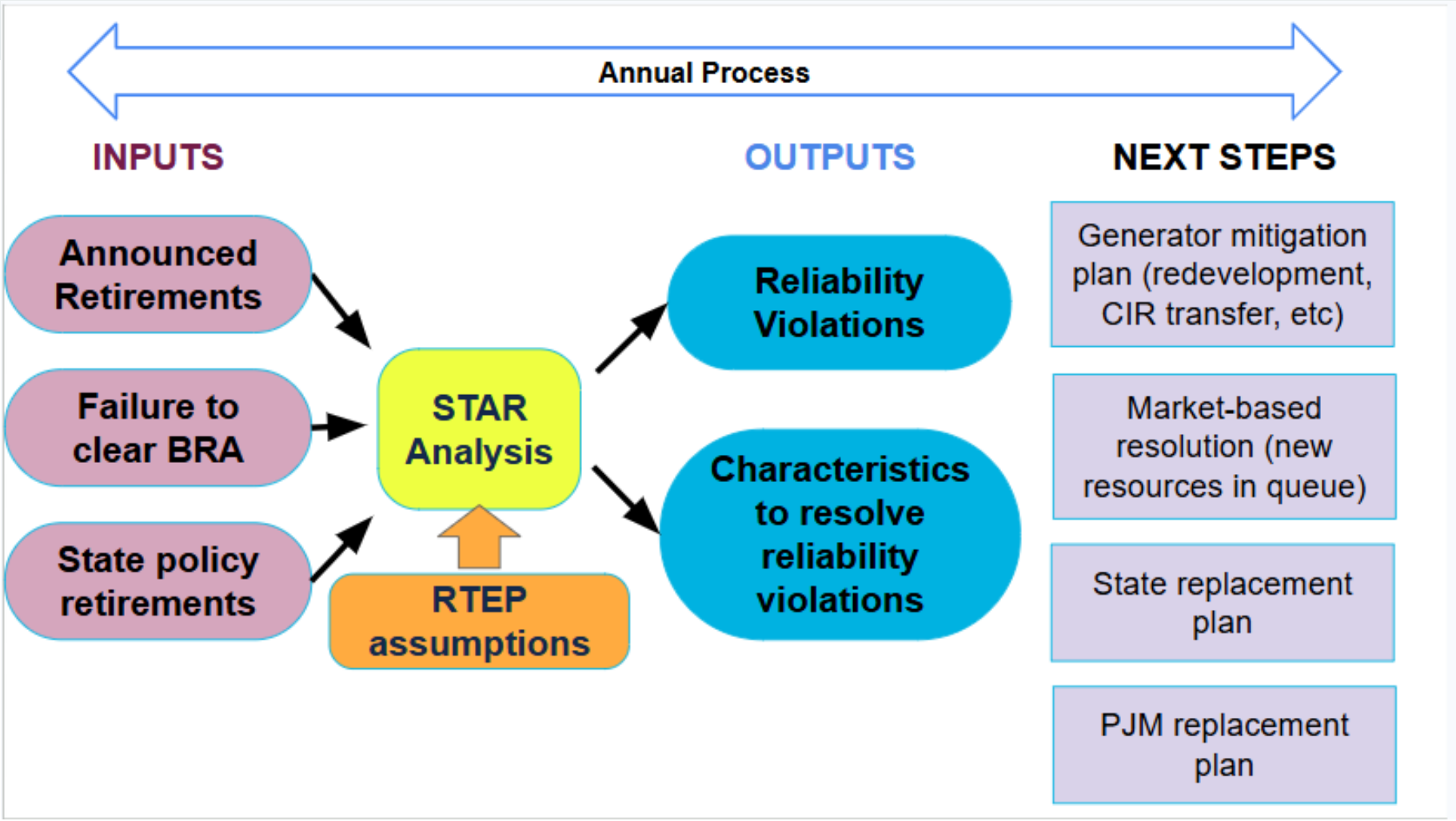
Appendix: Process Details


Annual Process
INPUTS
OUTPUTS
NEXT STEPS
Announced Retirements
Failure to clear BRA
State policy retirements
STAR Analysis
RTEP assumptions
Reliability Violations
Characteristics to resolve reliability violations
Generator mitigation plan (redevelopment, CIR transfer, etc)
Market-based resolution (new resources in queue)
State replacement plan
PJM replacement plan

Process Overview

1. PJM evaluates retirements for reliability issues annually.
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, storage, DR. Includes portfolios.
    b. Are permitted a limited expedited interconnection study process to ensure timely in-service date

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