

evaluation of investment incentives with stakeholders by the end of this year, and determine the best path forward with respect to the Reliability Pricing Model beginning with the 2030/2031 Delivery Year and beyond. This limited extension of the price collar is just and reasonable as it will enable the Base Residual Auctions associated with the 2028/2029 and 2029/2030 Delivery Years to proceed without further delay while the backstop procurement is completed and other longer term market reforms are explored through the stakeholder process.

I. MOTION FOR LEAVE TO ANSWER

Although Commission Rule 213(a)(2) does not generally permit answers to protests,⁵ the Commission permits answers for good cause shown, such as when an answer contributes to a more accurate and complete record or provides useful information that assists the Commission’s deliberative process.⁶ This Answer will aid the Commission’s decision-making process by providing responses to the various comments and protests filed in this proceeding. PJM therefore asks that the Commission accept this Answer.

II. ANSWER

A. PJM’s Proposal to Extend the Price Collar Is Just and Reasonable.

Protestors make various allegations that PJM’s proposal to extend the price collar and narrow the auction outcomes to the level between the reduced price cap of \$325/MW-day (UCAP) and the raised price floor of \$175/MW-day (UCAP) would simultaneously

⁵ 18 C.F.R. § 385.213(a)(2).

⁶ See, e.g., *PJM Interconnection, L.L.C.*, 182 FERC ¶ 61,073, at P 13 (2023) (“We accept the answers of J-Power, P3, PJM, Public Interest Entities, and the Market Monitor because they have provided information that assisted us in our decision-making process.”); *N.Y. State Pub. Serv. Comm’n v. N.Y. Indep. Sys. Operator, Inc.*, 158 FERC ¶ 61,137, at P 29 (2017) (“We will accept the Companies’ and the Complainants’ answers because they have provided information that assisted us in our decision-making process.”); *Colonial Pipeline Co.*, 157 FERC ¶ 61,173, at P 23 (2016) (“In the instant case, the Commission will accept the Protestors’ Answers and Colonial [Pipeline Co.]’s Answer because they have provided information that assisted us in our decision-making process.”).

“impose a stark limitation on the operation of market forces”⁷ while “more should be done to mitigate capacity prices and protect customers.”⁸ In short, the protests take diverging positions on PJM’s proposal to extend the price collar ranging from comments that the Commission should “create a collar with a floor \$94/MW-day and a cap of \$175/MW-day”⁹ to the Commission should provide guidance to approve “a price cap set at approximately \$420.”¹⁰ As with any compromise, parties on both sides are not fully satisfied, but PJM’s proposal is just and reasonable as demonstrated by the significant number of parties that support this filing, and as further justified by this Answer and in the initial February 27 Filing.

As an initial matter, arguments that the price collar should not be extended for the 2029/2030 Delivery Year because the reliability backstop procurement will create “complex interaction between those two capacity market mechanisms must be studied and understood”¹¹ only support the need to extend the price collar through RPM Auctions associated with the 2028/2029 and 2029/2030 Delivery Years. That is, as PJM explained in the February 27 Filing, “it is questionable whether there would be appreciable new entry that is offered in the upcoming Base Residual Auctions that will be conducted this year.”¹² Such potential interactive effects that the reliability backstop procurement may have on the

⁷ *PJM Interconnection, L.L.C.*, Limited Protest of Constellation Energy Generation, LLC and Earthrise Energy, PBLLC, Docket No. ER26-1556-000, at 11 (Mar. 20, 2026).

⁸ *PJM Interconnection, L.L.C.*, Comments of the FirstEnergy Companies, Docket No. ER26-1556-000, at 3 (Mar. 20, 2026).

⁹ *PJM Interconnection, L.L.C.*, Comments of Duquesne Light Company at 8; Comments of Vistra Corp., Docket No. ER26-1556-000, at 3 (Mar. 20, 2026).

¹⁰ *Id.*

¹¹ *PJM Interconnection, L.L.C.*, Limited Protest of Constellation Energy Generation, LLC and Earthrise Energy, PBLLC, Docket No. ER26-1556-000, at 15 (Mar. 20, 2026).

¹² February 27 Filing at 11.

upcoming Base Residual Auctions support extending the existing price collar for two additional Delivery Years because higher prices intended to stimulate new entry may not be needed and could unnecessarily increase the risk of price volatility.¹³

Viewed as a whole and in context, it is clear that PJM's proposal is just and reasonable. Application of PJM's proposal would allow auction clearing prices to continue to signal the need for additional capacity supplies to enter the market (and to retain existing resources in the market) at the current price levels given the current unique market conditions present through RPM Auctions associated with the 2029/2030 Delivery Year. It is clear from the statements of elected and consumer representatives both in this docket and elsewhere in the public domain that there is concern about raising capacity prices directly impacting retail customers. It is therefore reasonable to maintain capacity prices within the current collar range while PJM and its stakeholders work to determine the appropriate future direction by which the Reliability Pricing Model can better work in concert with retail rate designs while continuing to attract needed investment in new capacity resources. In short, PJM's proposal in this docket would provide a bridge until the completion of the reliability backstop procurement process and, coincidentally, when the Base Residual Auction returns to the normal three-year forward schedule.

B. Arguments Against Extending the Current Level of the Price Collar Miss the Mark.

The Commission can dispose of arguments that the proposed extension of the price collar is too high because they incorrectly assume that no new resources would be offered

¹³ While it is the case that some resources did not clear the 2027/2028 Base Residual Auction, the price stability benefits of extending the price collar for two additional Delivery Years outweigh the potential that a relatively small portion of PJM's overall resource mix may be exported to neighboring regions in the short term.

in the upcoming Base Residual Auctions. However, such arguments neglect to recognize the fact that Capacity Market Sellers of certain Planned Generation Capacity Resources have already submitted binding notices of intent to offer such resources in the 2028/2029 Base Residual Auction. PJM has since included such new resources in the planning models that were incorporated into the posted planning parameters for the upcoming Base Residual Auction. In short, Planned Generation Capacity Resources that are subject to such binding notice of intent will be required to be offered into the next Base Residual Auction. As a result, setting a cap based on a level that is allegedly high enough to only retain existing resources would not be sufficient to allow such Planned Generation Capacity Resources to recover their respective net cost of new entry. Indeed, new entry of resources into PJM's markets is not based on the price of a single RPM auction, but rather based on the stream of expected future market prices and revenues. Moreover, it is also unclear that setting a cap at \$175/MW-day and a floor price of \$94/MW-day is a level that would be sufficient to retain existing resources.

On the other hand, arguments that the price cap should be increased beyond the current price collar level are equally flawed. For instance, East Kentucky Power Cooperative, Inc. ("EKPC") suggests that the last Brattle report noted "that a 5-year commitment from a dual-fuel CT is \$870/MW-day."¹⁴ That value, however, was taken entirely out of context and not relevant here. Specifically, as Brattle explained, that value was used to simply demonstrate what a reference price may be if it was based on a short-term reservation price (i.e., the short-term clearing price needed for five years to attract

¹⁴ *PJM Interconnection, L.L.C.*, Comments of EKPC, Docket No. ER26-1556-000, at 19 (Mar. 20, 2026).

current entrants assuming such prices are temporary).¹⁵ Thus, the \$870/MW-day value referenced by EKPC is based on an assumption that a new combustion turbine would only be able to recover such a price for five years and has no bearing here.¹⁶ That is, PJM did not adopt the use of a reference price in the last periodic review and the Net CONE value is allowed to float up and down to reflect future market conditions. In other words, Brattle did not recommend, and PJM did not adopt, a price cap for the Reference Resource equal to \$870/MW-day. Rather, Net CONE was estimated to be \$289/MW-day for the combustion turbine when PJM submitted the latest periodic review filing.¹⁷

Comments that the price cap should be increased to reflect 100% of the installed reserve margin (i.e., \$420/MW-day) do not make PJM's proposal to extend the price collar at the current levels unjust and unreasonable.¹⁸ PJM's proposal is just and reasonable on a standalone basis, and the Commission must evaluate it in accordance with its "essentially passive and reactive role."¹⁹ It is axiomatic that there is more than one just and reasonable VRR Curve.²⁰ Here, the Commission should find that PJM has sufficiently demonstrated

¹⁵ The Brattle Group, Brattle 2025 CONE Report for PJM, at 11 (Apr. 9, 2025), <https://www.brattle.com/wp-content/uploads/2025/04/Brattle-2025-CONE-Report-for-PJM.pdf>.

¹⁶ It is not clear why EKPC believes PJM recently updated the values with a \$542/MW-day CT Net CONE value since that is not the updated Net CONE value. To the extent this value was intended to refer to the \$534/MW-day current level-nominal Net CONE from the Brattle CONE report, that value is also related to the same short term reservation price that Brattle evaluated.

¹⁷ *PJM Interconnection, L.L.C.*, 2025 Periodic Review of Variable Resource Requirement Curve Shape and Key Parameters, Docket No. ER26-455-000, at 44 (Nov. 7, 2025).

¹⁸ The price cap for the 27/28 BRA also intersected beyond 100% of the installed reserve margin as shown in the "2027/2028 RPM Base Residual Auction Planning Parameters," <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2027-2028/2027-2028-planning-period-parameters-for-base-residual-auction.xlsx>.

¹⁹ *Advanced Energy Mgmt. Alliance v. FERC*, 860 F.3d 656, 662 (D.C. Cir. 2017) (quoting *City of Winnfield v. FERC*, 744 F.2d 871, 875-76 (D.C. Cir. 1984)).

²⁰ See *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,318, at P 111 (2007) ("There may be a number of just and reasonable methods for determining the slope of the demand curve" and "[t]he derivation of the slope of the demand curve is at least in part subjective and cannot be reduced to simple metrics.").

that extending the existing price collar for two additional Delivery Years (i.e., through RPM Auctions associated with the 2029/2039 Delivery Year) in this FPA section 205 proceeding is just and reasonable.

C. Contrary to the Market Monitor’s Comments, PJM’s Proposed Non-Zero Price Floor Is Just and Reasonable.

While the Market Monitor for PJM (“Market Monitor”) supports PJM’s proposal to extend the price cap at the existing level, the Market Monitor continues to argue against the need for a price floor.²¹ Specifically, the Market Monitor argues that the floor price should be allowed to go down to zero because high net energy and ancillary service revenues could offset any missing money needed from the capacity market.²²

The Market Monitor’s arguments overlook that the floor serves to maintain a degree of price certainty to support ongoing investments that allow for the retention of existing resources and attraction of those new resources that can enter the market in response to the next two Base Residual Auctions. Additionally, the price floor provides a signal to the investment community that extraordinary interventions will not be one-sided. Finally, in previously rejecting the Market Monitor’s protest on the establishment of a price floor, the Commission explained that “the benefits of PJM’s proposed temporary price floor outweigh the potential risk of overprocurement.”²³

D. Concerns Regarding PJM’s Uniform Application of the Price Collar Across Locational Deliverability Areas Are Misinformed.

Certain commenters assert that applying a uniform price collar across the PJM Region “effectively subsidizes Virginia, Maryland, and New Jersey’s decarbonization

²¹ *PJM Interconnection, L.L.C.*, Comments of the Independent Market Monitor for PJM, Docket No. ER26-1556-000, at 4-5 (Mar. 20, 2026).

²² *Id.*

²³ *PJM Interconnection, L.L.C.*, 191 FERC ¶ 61,066 at P 60.

policies, including carbon pricing and stringent renewable mandates, which have led to accelerated plant retirements.”²⁴ Such comments are simply irrelevant to establishing a uniform application of the price collar. As a threshold matter, the commenters’ argument incorrectly assumes that Locational Deliverability Areas (“LDAs”) do not cross state lines. Second, the reason certain LDAs may bind and produce a separate clearing price is because of transmission limitations that may limit the amount of capacity imports into a particular area. Thus, when “a capacity need exceed[s] the physical constraints imposed by the transmission system for a given geographic location, the clearing price for capacity resources in the constrained LDA may ‘separate’ from the rest-of-RTO and from other constrained LDAs.”²⁵ When this occurs, lower-priced capacity offers from capacity resources outside of the constrained LDA cannot be selected to meet capacity needs within that area due to transmission constraints. The difference in price signals in such binding LDAs are intended to signal that additional internal resources are needed in a particular area. In other words, resources located outside of such constrained areas receive a lower clearing price so loads that are located outside of such constrained areas are *not* subsidizing state policy decisions in constrained areas by applying a uniform price collar across the PJM Region.

Indeed, in previously addressing other arguments that the price collar ignores locational pricing, the Commission correctly “observe[d] that PJM did not indicate that it will ignore transmission constraints between LDAs, and as such, capacity prices could still vary by location (i.e., by LDA) under the proposal if transmission constraints bind in a

²⁴ *PJM Interconnection, L.L.C.*, Comments of the Commonwealth Foundation for Public Policy Alternatives, The Buckeye Institute, and the Undersigned Organizations at 3; *see also* Senator Gene Yaw’s letter, Docket No. ER26-1556-000 (Mar. 3, 2026)

²⁵ *PJM Interconnection, L.L.C.*, 193 FERC ¶ 61,190, at P 2 (2025).

given BRA. Prices will only be the same across PJM (i.e., will not vary by location) when either no transmission constraints bind or when (1) transmission constraints bind, and (2) more than one of the associated LDAs.”²⁶ Here, the Commission should continue to find that the extension of a uniform price collar across the PJM Region is just and reasonable based on this same rationale.

E. Rejection of PJM’s Filing Would Likely Delay The Upcoming 2028/2029 Base Residual Auction.

Several protestors argue that the Commission should reject PJM’s FPA section 205 proposal and instead adopt an alternative price cap and/or floor. However, as demonstrated in this answer and in the February 27 Filing, PJM’s proposal is just and reasonable. Therefore, the Commission does not need to address the alternative proposal in this FPA section 205 proceeding.²⁷

PJM implores the Commission to expeditiously accept PJM’s proposal as filed and take no action that would further delay the current auction schedule. Further delays to that effort could only work to exacerbate the very near-term resource adequacy issues that PJM and its stakeholders are trying to address.

²⁶ *PJM Interconnection, L.L.C.*, 191 FERC ¶ 61,066 at P 62.

²⁷ *See PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,088, at P 74 (2025) (“Having found PJM’s proposal just and reasonable, we decline to address the proposed”).

III. CONCLUSION

PJM asks that the Commission consider this answer and accept the proposed Tariff revisions in the February 27 Filing, effective April 28, 2026, as requested.²⁸

Respectfully submitted,

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*On behalf of
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²⁸ As PJM detailed in the February 27 Filing, given the Commission granted PJM’s waiver request in Docket No. ER25-1325, *see PJM Interconnection, L.L.C.*, 194 FERC ¶ 61,230 (2026), PJM no longer requests a March 31, 2026, effective date, and instead requests a April 28, 2026, effective date, which is 61 days from the date of the February 27 Filing.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Audubon, Pennsylvania, this 6th day of April 2026.

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