

192 FERC ¶ 61,164
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: David Rosner, Chairman;
Lindsay S. See and Judy W. Chang.

PJM Interconnection, L.L.C.

Docket No. ER25-3073-000

ORDER GRANTING WAIVER REQUEST

(Issued August 18, 2025)

1. On August 1, 2025, as supplemented on August 4, 2025, pursuant to Rule 207(a)(5) of the Commission’s Rules of Practice and Procedure,¹ PJM Interconnection, L.L.C. (PJM) filed a request for waiver of sections 5.10(a)(iii)(C), 5.10(a)(vi)(C)(3), 5.10(a)(vi)(D)(3), 5.10(a)(iii)(D), 5.10(a)(vi)(C)(4), and 5.10(a)(vi)(D)(4) of Attachment DD of the PJM Open Access Transmission Tariff (Tariff).² PJM requests waiver to allow for extensions of: (1) the deadline for PJM members to vote on potential modifications to the Variable Resource Requirement Curve (VRR Curve) shape and updates to the Cost of New Entry (CONE) values to be effective with the 2028/2029 Delivery Year, from August 31, 2025 to October 31, 2025; and (2) the deadline for PJM to submit such modifications to the Commission (Periodic Review Filing), from October 1, 2025 to December 1, 2025. As discussed below, we grant PJM’s waiver request.

I. Background

2. PJM generally conducts a Base Residual Auction (BRA) three years in advance of a delivery year to procure resource commitments sufficient to meet reliability requirements in the PJM region.³ Each auction is cleared using supply curves consisting of the supply offers submitted by sellers and administratively determined demand curves called VRR

¹ 18 C.F.R. § 385.207(a)(5) (2024).

² PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.10 (Auction Clearing Requirements) (35.0.0), §§ 5.10(a)(iii)(C), 5.10(a)(vi)(C)(3), 5.10(a)(vi)(D)(3), 5.10(a)(iii)(D), 5.10(a)(vi)(C)(4), 5.10(a)(vi)(D)(4). Capitalized terms used but not otherwise defined in this order have the meanings ascribed to them in the Tariff.

³ *Id.* § 5.4 (Reliability Pricing Model Auctions) (10.0.0), § 5.4(a) (Base Residual Auction) (“The [BRA] shall be conducted in the month of May that is three years prior to the start of such Delivery Year.”).

Curves.⁴ Tariff, Attachment DD, section 5.10 requires PJM and its stakeholders to review both the shape of the VRR Curve and the inputs (collectively, parameters) to that curve every four years.⁵ These inputs include the gross CONE established by a representative, theoretical new power plant (Reference Resource) and the expected energy and ancillary services (EAS) net revenues earned by the Reference Resource during the delivery year (EAS Offset).

3. For the shape of the VRR Curve, CONE calculations, and EAS Offset methodology, Tariff, Attachment DD, sections 5.10(a)(iii)(C), 5.10(vi)(C)(3), and 5.10(a)(vi)(D)(3), respectively, provide that the PJM members shall vote either to: (1) endorse the proposed parameters; (2) propose alternative parameters; or (3) recommend no modification, by August 31 prior to the conduct of the BRA for the first Delivery Year in which the new methodology would be applied.⁶

4. Tariff, Attachment DD, sections 5.10(a)(iii)(D), 5.10(a)(vi)(C)(4), and 5.10(a)(vi)(D)(4) provide that the PJM Board of Managers shall consider a proposed modification to the VRR Curve shape, CONE values, and the Net Revenue Offset methodology, respectively, and the Office of the Interconnection shall file any approved modifications with the Commission by October 1, prior to the conduct of the BRA for the first Delivery Year in which the new values would be applied.⁷

II. Waiver Request

5. PJM requests waiver of: (1) Tariff, Attachment DD, sections 5.10(a)(iii)(C), 5.10(a)(vi)(C)(3), and 5.10(a)(vi)(D)(3) to allow an extension of the deadline for PJM Members to vote on potential modifications to be submitted in the upcoming Periodic Review Filing from August 31, 2025 to October 31, 2025; and (2) Tariff, Attachment DD, sections 5.10(a)(iii)(D), 5.10(a)(vi)(C)(4), and 5.10(a)(vi)(D)(4) to allow an extension of the deadline for the PJM Board to consider, and PJM to submit, the upcoming Periodic Review Filing from October 1, 2025 to December 1, 2025.⁸

6. PJM states that, due to several factors such as rapid load growth, supply constraints, and various changes to the capacity market that have been made since the last Periodic

⁴ *Id.* § 5.10 (Auction Clearing Requirements).

⁵ *Id.*

⁶ *Id.* §§ 5.10(a)(iii)(C), 5.10(vi)(C)(3), 5.10(a)(vi)(D)(3).

⁷ *Id.* §§ 5.10(a)(iii)(D), 5.10(a)(vi)(C)(4), 5.10(a)(vi)(D)(4).

⁸ Waiver Request at 6.

Review Filing in 2022, PJM elected to commence the current periodic review early and will be proposing updates to the Reference Resource, CONE, and VRR Curve shape to be effective with the BRA associated with the 2028/2029 Delivery Year, which is scheduled to commence in June 2026.⁹ PJM states that the current periodic review was initiated last year with the goal of seeking a vote on the Periodic Review Filing at the August 20, 2025 Members Committee meeting and filing a proposal with the Commission by the October 1, 2025 deadline.¹⁰

7. PJM states that it recently learned of external factors that could meaningfully change the previously estimated gross CONE obtained from PJM's consultants.¹¹ Specifically, PJM states that some of these factors include recently received technical specification data from the equipment manufacturer, General Electric, that the HA.03 engine could burn fuel at higher temperatures than previously assumed based on updated technical specifications of the turbine and that the recently enacted One Big Beautiful Bill legislation restores 100% bonus depreciation.¹² PJM avers that this requested extension to consider and submit the upcoming Periodic Review Filing will provide needed time for PJM's consultants to recalculate the gross CONE while also allowing for additional stakeholder consultation on the Periodic Review Filing, which various stakeholders and the Market Monitoring Unit have already requested.¹³

8. PJM explains that providing additional time for stakeholder deliberation will require postponing the PJM Members' vote until the September 25, 2025 Members Committee meeting, and will also mean that the filing date for the Periodic Review Filing must be postponed by one month until November 1, 2025.¹⁴ PJM states that, in the event of an unforeseen circumstance that necessitates further postponing the PJM Member vote and submission of the next Periodic Review Filing beyond September 25, 2025 and November 1, 2025, respectively, it seeks an extension of these deadlines by up to two months from the Tariff-required deadline (i.e., until October 31, 2025, for the PJM Members' vote and December 1, 2025, for PJM to submit the next Periodic Review Filing), which preserves

⁹ *Id.* at 3-4; Supplemental Filing at 1.

¹⁰ Waiver Request at 4.

¹¹ *Id.* at 5.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.* at 5-6.

Commission, PJM, and stakeholder resources by avoiding the potential need to seek another waiver of this deadline, and for the Commission to expedite another waiver order.¹⁵

9. PJM argues that its waiver request satisfies the Commission's criteria for granting waiver. First, PJM asserts that it has acted and continues to act in good faith. PJM states that it initiated the current periodic review over a year ago and has continued to work diligently with PJM's consultants and stakeholders since this process was first initiated.¹⁶ PJM contends that recent legislation altered the underlying assumptions PJM and its stakeholders are considering as part of the CONE value and VRR Curve update. PJM maintains that the requested extension will provide additional time for PJM's consultants to incorporate the updated data (e.g., technical specifications associated with the contemplated Reference Resource and changes to bonus depreciation under recent legislation) and will allow for additional stakeholder deliberations and consideration of updated CONE values.¹⁷

10. Second, PJM asserts that the waiver is limited in scope because it requests only an extension of up to two months for: (1) PJM Members to vote on the proposed updated CONE values and modifications to the VRR Curve, from August 31, 2025 to October 31, 2025; and (2) PJM to submit a proposal to update the CONE value and modify the shape of the VRR Curve with the Commission, from October 1, 2025 to December 1, 2025.¹⁸ PJM states that it is not requesting a delay of, and its requested extension will not impact, any auction schedules or pre-auction deadlines associated with the 2028/2029 Delivery Year, and it expects to commence the BRA associated with the 2028/2029 Delivery Year in June 2026, as is currently specified in the Tariff.¹⁹

11. Third, PJM contends that the waiver addresses a concrete problem given the need for a limited amount of additional time for PJM's consultants to use the most recent technical specifications associated with the currently contemplated Reference Resource and, at the same time, the extension of time will provide PJM stakeholders with time to consider and review the updated values.²⁰

¹⁵ *Id.* at 6.

¹⁶ *Id.* at 7.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.* at 7-8.

²⁰ *Id.* at 8.

12. Finally, PJM avers that the requested waiver does not harm any third parties or create any undesirable effects.²¹ PJM states that its requested two-month extension would only provide more time for stakeholder deliberations and would not hinder market participants' preparation in advance of the upcoming BRA associated with the 2028/2029 Delivery Year, and the requested extension to file proposed updates to the Net CONE value and modified VRR Curve will not require any delays to the upcoming 2028/2029 BRA or associated pre-auction activities.²² PJM states that, while the proposed updates will ultimately impact the planning parameters for the upcoming BRA, the deadline to post planning parameters will not be until March of 2026 (i.e., 100 days before the June 2026 auction).²³

13. PJM requests that the Commission grant the waiver no later than August 22, 2025, so that market participants and PJM know whether PJM can allow for additional stakeholder discussions associated with potential updates to CONE and modifications to the VRR Curve effective with the 2028/2029 BRA without running afoul of Tariff deadlines.²⁴ PJM also explains that certainty is needed by August 22, 2025, because in the event the waiver request is denied, PJM must issue a notice for a Members Committee meeting for August 29, 2025 at least one week in advance (i.e., by August 22, 2025).²⁵

III. Notice and Responsive Pleadings

14. Notice of the filing was published in the *Federal Register*, 90 Fed. Reg. 37849 (Aug. 6, 2025), with interventions and protests due on or before August 8, 2025. Timely motions to intervene were filed by: American Electric Power Service Corporation; Calpine Corporation; Public Citizen, Inc.; Constellation Energy Generation, LLC (Constellation); and Solar Energy Industries Association. On August 11, 2025, Constellation filed comments. On August 12, 2025, Southern Maryland Electric Cooperative, Inc. and Rockland Electric Company filed motions to intervene out of time.

15. Constellation states that the Commission should grant the requested waiver because it is modest and reflects a good faith effort to ensure that the Periodic Review

²¹ *Id.*

²² *Id.*

²³ *Id.* at 8-9.

²⁴ *Id.* at 10.

²⁵ *Id.*

Filing includes accurate, up-to-date information and timely stakeholder feedback.²⁶ Constellation states that no party will be harmed by the slight delay.²⁷

IV. Discussion

A. Procedural Matters

16. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2024), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

17. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant Southern Maryland Electric Cooperative, Inc. and Rockland Electric Company's late-filed motions to intervene given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

B. Substantive Matters

18. We grant PJM's request for waiver of: (1) Tariff, Attachment DD, sections 5.10(a)(iii)(C), 5.10(a)(vi)(C)(3), and 5.10(a)(vi)(D)(3) to allow an extension of the deadline for PJM Members to vote on potential modifications to be submitted in the upcoming Periodic Review Filing from August 31, 2025 to October 31, 2025; and (2) Tariff, Attachment DD, sections 5.10(a)(iii)(D), 5.10(a)(vi)(C)(4), and 5.10(a)(vi)(D)(4) to allow an extension of the deadline for PJM to submit the upcoming Periodic Review Filing from October 1, 2025 to December 1, 2025. The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.²⁸ We find that the circumstances of PJM's waiver request satisfy these criteria.

19. First, we find that PJM acted in good faith because PJM has worked diligently with PJM's consultants and stakeholders since the current periodic review was initiated over a year ago but now requires additional time due to external factors that could meaningfully change the previously estimated gross CONE, including recently received

²⁶ Constellation Comments at 1.

²⁷ *Id.* at 2.

²⁸ See, e.g., *Citizens Sunrise Transmission LLC*, 171 FERC ¶ 61,106, at P 10 (2020); *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 13 (2016).

technical specification data from the equipment manufacturer and recent legislation restoring 100% bonus depreciation.

20. Second, we find that PJM's waiver request is limited in scope, as it is a one-time waiver of procedural deadlines to allow an additional two months for PJM Members to vote on potential modifications to be included in, and for PJM to submit, the upcoming Periodic Review Filing and will not impact any auction schedules or pre-auction deadlines associated with the 2028/2029 Delivery Year.

21. Third, we find that granting the waiver addresses a concrete problem because absent waiver, the current Tariff deadlines would not provide adequate time for PJM's consultants to create, and PJM stakeholders and the Market Monitoring Unit to consider, potential updates to CONE and modifications to the VRR Curve effective with the 2028/2029 BRA and for PJM to submit such updates and modifications in the upcoming Periodic Review Filing.

22. Finally, we find that granting the waiver will not have undesirable consequences, such as harming third parties, because the extension would only provide more time for stakeholder deliberations, would not hinder market participants' preparation in advance of the upcoming BRA associated with the 2028/2029 Delivery Year, and would not require any delays to the upcoming 2028/2029 BRA or associated pre-auction activities.

The Commission orders:

PJM's waiver request is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Secretary.