

implementation, and that PJM Operations Staff is fully supportive of Phase 2 implementation on December 1, 2026. PJM does not believe that the significantly longer extension suggested by P3—five months beyond the original Commission-approved implementation date for Phase 2 of October 1, 2026—is necessary or warranted in light of the current facts on the ground, as PJM is already migrating the relevant code to production this week, and will be ready to start testing with suppliers on Monday, June 1. PJM stands ready to work with the supplier community and all market participants to ensure that implementation of Phase 2 is effective and successful.

As a final point of clarity, the pricing increases referenced by P3 during Regulation Phase 1 implementation on October 1, 2025 were consistent with the revised, Commission-approved approach to Lost Opportunity Cost (“LOC”), as applied to the Commission-approved market design and approved by PJM Stakeholders. While PJM has worked with its vendor to make some enhancements that address Regulation Market Clearing Prices when Energy prices “spike” (for example, reserve shortage intervals), the overall pricing is appropriate and consistent with the reforms approved by the Commission. Additionally, these changes to the LOC calculation will automatically carry over to Phase 2, and are not the focus of this particular FPA section 205 filing, which was necessitated exclusively by the determination of PJM’s vendor that the requisite enhancements will be ready for release into the production environment by no later than the end of May 2026—approximately eight weeks behind the schedule that PJM had originally predicted two years ago when requesting the effective date of October 1, 2026 for Phase 2.

II. CONCLUSION

In accordance with the foregoing, PJM respectfully requests that the Commission accept this Answer into the record of this proceeding, and accept the May 1, 2026 Filing as submitted.

Respectfully submitted,

/s/ Thomas DeVita

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May 29, 2026

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on those parties on the official Service List compiled by the Secretary in this proceeding.

Dated at Audubon, Pennsylvania this 29th day of May 2026.

/s/ Thomas DeVita
Thomas DeVita
Associate General Counsel
PJM Interconnection, L.L.C.