PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403-2497

Michael Bryson
Senior Vice President, Operations
Michael.Bryson@pjm.com
(610) 666-4659

June 22, 2026

David Dardis
Senior Executive Vice President, Chief External Affairs and Growth Officer
Constellation Energy Generation, LLC
1310 Point St
Baltimore, MD 21231

Re: Notice of Temporary Continued Operation of Zion Energy Center

Dear Mr. Dardis,

PJM received notice from Constellation Energy Generation, LLC ("CEG") subsidiary Zion Energy, LLC ("Zion"), the owner and operator of the Zion Energy Center, which consists of three natural gas-fired combustion turbines totaling approximately 503 MW (ICAP), located in Zion, Illinois – that, in order to comply with the Illinois Climate and Equitable Jobs Act (CEJA)[1], the facility intends to retire on or before December 31, 2029. This will impact the facility's participation as a capacity resource in PJM's 2029/2030 Delivery Year, and as such, per PJM rules, the resource will need to apply by July 27, 2026, for a must-offer exception to the 2029/2030 Base Residual Auction (BRA).[2] Pursuant to the authority provided to PJM under CEJA and based on the justification provided below, PJM requests the continued operation of Zion Energy Center units 1, 2 and 3 until May 29, 2031.

Resource Adequacy Concerns

PJM's most recent auction for generation capacity, the 2027/2028 Base Residual Auction, with results[3] released on December 17, 2025, indicates that PJM procured short of its reliability requirement by 6,623 MW, meaning that the committed supply is less than what would be required to meet the one-event-in-10-year reliability standard of a 20% reserve margin. Illinois' recent Resource Adequacy Study,[4] released on December 15, 2025, assessed resource adequacy needs and risk in the near- to medium-term (2026 through 2035) and found that "PJM is expected to experience a capacity shortfall beginning in 2029, with the deficit projected to widen in subsequent years if left unabated." North American Electric Reliability Corporation's (NERC) 2025 Long-Term Reliability Assessment shows PJM as High-Risk beginning in 2029.[5] Recent

[1] Public Act 102-0662, section 9.15(l).
[2] Base Residual Auction Schedule, see sheet entitled *29/30 BRA Post.* Additionally, per PJM Manual 14, Section 9.1.1 – An existing resource that intends to retire on January 1, 2030, may not notify PJM any earlier than October 1, 2028.
[3] PJM 2027/2028 Base Residual Auction Report
[4] PJM 2025 Resource Adequacy Study
[5] NERC 2025 LTRA In high-risk areas, planned resources as of July 2025 would result in energy shortfalls that exceed resource adequacy targets or baseline criteria for unserved energy or loss of load.

projections for PJM's Reliability Backstop process point to a potential 55 GW deficit over the next decade.[6]

Retirement Impacts

The retirement of the Zion Energy Center, along with over 4,940 MW of additional applicable generation in Illinois by 2030 would result in significant thermal-based and voltage-based reliability criteria violations according to PJM's analysis of CEJA.[7] The thermal-based violations are due to the significant increase in power imported from east to west to replace the energy currently provided by the retiring generation, and the voltage-based violations are due to the loss of reactive power currently provided by the retiring generation. The upgrade costs to address these reliability criteria violations due to the 2030 retirements were estimated at over $700M. Since this study was completed, the forecast loads for 2030 in PJM as a whole, and COMED individually, have increased by 30%.[8] PJM's most recent capacity market planning parameters showed a 60% decline in the ability of the COMED Locational Deliverability Area's ability to import the energy needed during an emergency.[9] Loss of the Zion units would impact the provision of critical ancillary services, and the ability to restore the grid. Additionally, the retirement of the Zion Energy Center would have the following local grid impacts:

- Even before accounting for the potential loss of the Zion units, ComEd's CETL/CETO margin is already deficient at 59%, causing the ComEd zone to fail the Load Deliverability analysis. This is because multiple ComEd internal 345 kV lines are binding due to base case conditions. The loss of the Zion units would further reduce the CETL/CETO margin in ComEd.
- In a sensitivity where 13 at-risk CEJA units were modeled as deactivated in the 2026 RTEP 5 Year (Year 2031) powerflow case, PJM found that continued dispatch of the Zion units was required to mitigate or reduce overloads otherwise observed. Thus, continued operation of the Zion units, possibly themselves or in combination with continued operation of other units, could mitigate observed overloads. Alternatively, continued operation of the Zion units would increase system headroom, which has the potential to reduce costs for new generation and load interconnections.

CEJA Reliability Provisions and Generator Obligations to PJM

CEJA wisely provides the ability for a generating unit to temporarily continue operating should the Regional Transmission Organization, in this case PJM, determine that "ongoing operation of the EGU is necessary to maintain power grid supply and reliability."[10] PJM expressed the need to use such "existing reliability safety-valve measures" in our communication to Governor Pritzker earlier this year.[11] Accordingly, due to the aforementioned current and projected shortage of capacity resources in PJM, PJM has determined that the Zion Energy Center is

[6] Discussion Around Goals, Principles and Elements of a Reliability Backstop Procurement, slide 15
[7] Illinois Generation Retirement Study
[8] 2026 PJM Load Forecast Report and 2022 PJM Load Forecast Report
[9] 2028/2029 RPM Base Residual Auction Planning Period Parameters
[10] Public Act 102-0662 at Section 9.15, subsection (l).
[11] PJM Board Response to IL Governor and NJ Former Governor Regarding National Energy Dominance Council and 13 Governors' Statement of Principles

needed to continue operating until the projected shortage is resolved or until the integrated resource planning process below has taken effect to resolve the shortage.

As a PJM Member, CEG has committed to cooperate in the coordinated planning and operation of the facilities within the PJM Region to obtain the greatest practicable degree of reliability, compatible economy and other advantages from such coordinated planning and operation in a manner consistent with PJM governing documents.[12]

CEG has also agreed to "[c]ooperate with the other Members and the Office of the Interconnection in the analysis, formulation and implementation of plans to prevent or eliminate conditions that impair the reliability of the PJM Region[.]"[13]

"Consistent with Good Utility Practice, [PJM] shall be authorized to direct or coordinate corrective action, whether or not specified in the PJM Manuals, as necessary to alleviate unusual conditions that threaten the integrity or reliability of the PJM Region, or the regional power system."[14]

Clean and Reliable Grid Affordability Act (CRGA) Integrated Resource Planning

Considering present facts and pursuant to PJM's authority, PJM requests CEG's cooperation in formulating and implementing a plan to help prevent and mitigate these unusual system conditions that impair the reliability of the PJM Region. Specifically, PJM requests CEG's cooperation to take all necessary steps consistent with CEJA to avoid deactivation of the Zion Energy Center on or before December 31, 2029, including continued operation at least through May 29, 2031. This short extension will allow you to participate in the upcoming 2029/2030 and 2030/2031 capacity auctions.

This will also have the impact of preserving the resource to allow for reliable and affordable development of the Integrated Resource Plan[15] pursuant to the Clean and Reliable Grid Affordability Act (CRGA).[16] It is our understanding that Illinois' recently passed CRGA is meant to address resource adequacy in the state through an integrated resource planning process. PJM will assess the need for continued operation of the Zion Energy Center prior to each delivery year, beginning with the 2031/2032 Delivery Year.

[12] Operating Agreement, section 11.3.2.
[13] *Id.* at section 11.3.2(g); *see also* section 11.3.2(b).
[14] Tariff, Attachment K-Appendix, section 1.7.15; *see also* Operating Agreement, section 11.3.4.
[15] Illinois Integrated Resource Plan
[16] Public Act 104-0458

Please have a duly authorized officer of CEG respond as soon as possible to this letter to signify whether PJM's proposed plan is agreeable to support system reliability in the PJM Region.

Regards,

<u>/s/Michael E. Bryson</u>
Michael E. Bryson
Senior Vice President, Operations
PJM Interconnection, L.L.C.

On behalf of PJM Interconnection, L.L.C.

PROPOSED PLAN AGREED AND ACCEPTED ON THIS 2nd DAY OF July, 2026:

[XXXX] Bryan C. Hanson

Name:

Title: Senior Executive Vice President and Chief Generation Officer
Constellation Energy Generation, LLC