



Re-evaluation of Financial Parameters used in Cost of New Entry (CONE) for 2027/28 BRA

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Market Implementation Committee
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In Scope

Review capital cost escalation rates against BLS indices

Review results from The Brattle Group for updated financial parameters

Review Quadrennial Review financial parameters used to calculate Gross CONE starting with the 26/27 BRA

Present updated financial parameters calculated by a consultant

Determine if an additional financial adjustment is necessary to account for changing financial parameters

Determine if there is a need to update Gross CONE starting with the 27/28 Delivery Year

Out of Scope

Changes to E&AS Calculation

Changes to the VRR Curve

Scope is limited in order to maintain the current auction schedule

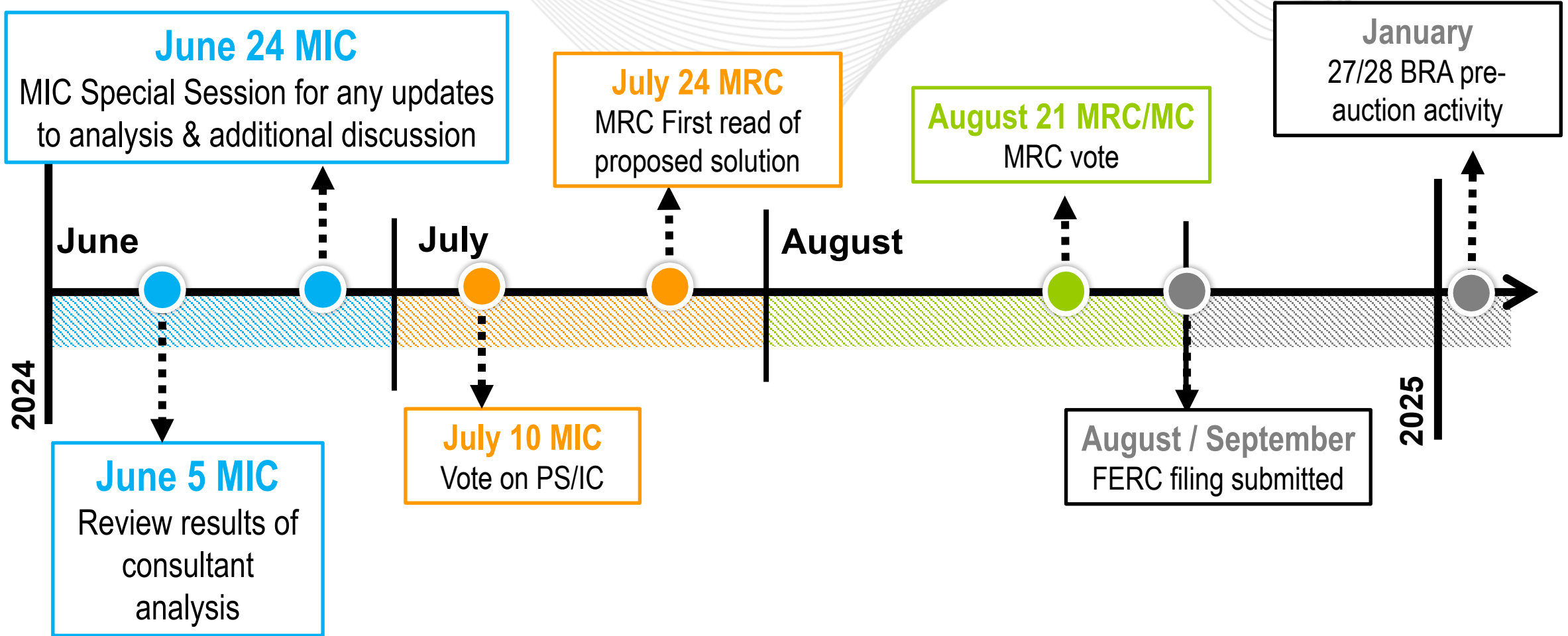
- PJM will propose updated CONE values based on the recommendations from Brattle
- Capital costs escalation rates aligned with updated BLS indices

Summary of proposed updates

CONE Component	2022 Quad Review Value	Proposed Updated Value
ATWACC	8.85%	10.0%
ATWACC adjustment	NA	NA
Bonus Depreciation	20% for 26/27	0% for 27/28 and subsequent years
CONE Escalation	CONE×BLS Escalation	CONE×BLS Escalation

	CONE Area 1	CONE Area 2	CONE Area 3	CONE Area 4	CONE Area 5
Current Values (26/27)	\$543/MW-day	\$529/MW-day	\$542/MW-day	\$547/MW-day	\$553/MW-day
Proposed Values (27/28)	\$630/MW-day	\$605/MW-day	\$610/MW-day	\$612/MW-day	\$643/MW-day

- All changes will be updated in OATT § 5.10 and conforming M18 changes
- CONE value will be escalated for subsequent Delivery Years based on the current language for BLS escalation



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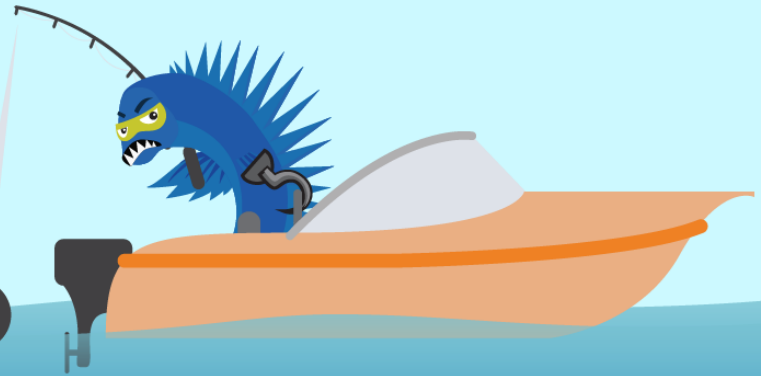
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