190 FERC ¶ 61,088
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Mark C. Christie, Chairman;
Willie L. Phillips and David Rosner.

PJM Interconnection, L.L.C. Docket No. ER25-682-000

ORDER ACCEPTING TARIFF REVISIONS SUBJECT TO CONDITION

(Issued February 14, 2025)

1. On December 9, 2024, pursuant to section 205 of the Federal Power Act (FPA),[1] PJM Interconnection, L.L.C. (PJM) submitted proposed revisions to its Open Access Transmission Tariff (Tariff) to modify several aspects of its wholesale capacity market, the Reliability Pricing Model (RPM), to recognize the resource adequacy contribution of Reliability Must Run (RMR) units, change the Reference Resource, provide a uniform Regional Transmission Organization (RTO) wide Non-Performance Charge Rate, remove reactive power compensation, clarify the Must Offer Exemption, and memorialize the delayed Base Residual Auction (BRA) dates in the Tariff (RPM Filing).[2] In this order, we accept PJM's proposed Tariff revisions, effective February 18, 2025, as requested, subject to the condition that PJM submit a compliance filing and a clean-up filing within 15 days of the date of this order.

I. Background

A. Reliability Pricing Model Auctions

2. PJM generally conducts a BRA three years in advance of a delivery year to procure resource commitments sufficient to meet reliability requirements in the PJM region.[3] PJM also holds three Incremental Auctions, which provide opportunities for capacity market participants to sell available capacity and purchase replacement capacity and for PJM to secure additional commitments of capacity or relieve sellers from prior

---

[1] 16 U.S.C. § 824d.

[2] Capitalized terms that are not defined in this order have the meaning specified in the Tariff.

[3] PJM, Intra-PJM Tariffs, attach. DD, § 5.4 (Reliability Pricing Model Auctions) (9.0.0), § 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.").

capacity commitments based on updated reliability requirements. PJM's currently effective Tariff reflects compressed schedules for some capacity auctions.[4]

3. On October 15, 2024, PJM submitted a request for waiver of Tariff provisions to delay the commencement of the 2026/2027 BRA by approximately six months, to cancel certain Incremental Auctions, and to extend pre-auction activity deadlines.[5] PJM explained that its waiver request stemmed from a complaint filed on September 24, 2024, by Public Interest Organizations (PIO),[6] which asserted that PJM's capacity market rules are unjust and unreasonable because they fail to account for the resource adequacy contributions of RMR units in the capacity auction. In their complaint, the PIOs requested that the Commission direct PJM to delay the upcoming 2026/2027 BRA to allow for revised tariff revisions to be approved and implemented. On November 8, 2024, the Commission granted PJM's request for waiver to delay the 2026/2027 BRA, noting that, in an effort to minimize disruption and ensure the orderly conduct of RPM auctions, PJM had committed to making a forthcoming FPA section 205 filing to address issues raised in the PIOs' complaint as well as other consequential market rule changes.[7] The instant filing is the FPA section 205 filing PJM committed to making in response to PIOs' complaint.

4. Under the current 2026/2027 BRA schedule, as delayed at the request of PIOs and PJM, the auction will commence on July 9, 2025. Before the auction commences, there are pre-auction deadlines that PJM must adhere to. One of those deadlines is PJM's development of the planning parameters, which must be posted 100 days prior to the BRA, or by March 31, 2025.[8] The planning parameters include, among other things, the reliability requirements for each Locational Deliverability Area (LDA) and the Cost of New Entry (CONE) and Net CONE (i.e., CONE minus net energy and ancillary service (EAS) revenues) values used to establish the auction's demand curve for capacity (i.e., the Variable Resource Requirement (VRR) curve).

[4] *See, e.g.*, *PJM Interconnection, L.L.C.*, 183 FERC ¶ 61,172, at PP 2, 39 (2023) (accepting PJM's tariff revisions to delay the BRAs and Incremental Auctions for the 2025/2026 delivery year through the 2028/2029 delivery year).

[5] PJM Interconnection, L.L.C., Docket No. ER25-118-000 (filed Oct. 15, 2024).

[6] PIOs include Sierra Club, Natural Resources Defense Council, Public Citizen, Sustainable FERC Project, and Union of Concerned Scientists.

[7] *PJM Interconnection, L.L.C.*, 189 FERC ¶ 61,105, at PP 24, 26 (2024).

[8] *Id.*; *see also* PJM, Intra-PJM Tariffs, Tariff, attach. DD, § 15 (Coordination With Economic Planning Process) (4.0.0).

B. Reliability Must Run Units

5. The deactivation of generating units in the PJM region is governed by Part V of the PJM Tariff.[9] According to these provisions, a generation owner must provide PJM with notice of its intent to deactivate a unit at least 90 days prior to the unit's proposed deactivation date.[10] PJM will then study the transmission system to determine if the proposed deactivation could adversely affect system reliability and will then notify the generation owner, within 30 days, of the specific reliability concerns, if any, and provide an estimate of the time needed to construct needed transmission upgrades.[11]

6. The generation owner has the right to deactivate a generating unit, following timely notification to PJM, even if PJM determines that there are reliability concerns. However, if PJM determines it needs the unit for reliability, the generation owner may elect to continue to operate the unit past its planned deactivation date to maintain system reliability pending the completion of necessary transmission system upgrades. If the generation owner chooses to continue to operate the unit, the PJM Tariff states that the generation owner is entitled to file a cost-of-service recovery rate with the Commission or elect to receive a deactivation avoidable cost credit.[12] These rates are contained within agreements dubbed Reliability Must Run (RMR) agreements.

7. On April 18, 2024, Brandon Shores LLC (Brandon Shores) and H.A. Wagner LLC (Wagner) submitted a rate schedule for the provision of RMR service from Brandon Shores Generating Station Units 1 and 2, and a rate schedule for the provision of RMR service from Wagner Generating Station Units 3 and 4.[13] In its filing, Brandon Shores stated that it operates Brandon Shores Units 1 and 2 pursuant to several environmental restrictions, including a settlement agreement with Sierra Club (Sierra-Talen Agreement) that requires Brandon Shores to stop burning coal with respect to Units 1 and 2 by

---

[9] PJM, Intra-PJM Tariffs, OATT, pt. V (Generation Deactivation) (0.0.0).

[10] PJM, Intra-PJM Tariffs, OATT, pt. V, § 113 (Notices) (1.0.0), § 113.1 (Generation Owner Notice).

[11] *Id.* § 113 (1.0.0), § 113.2 (Notice of Reliability Impact).

[12] *Id.* § 113 (1.0.0), § 113.2; *id.* § 119 (Cost of Service Recovery Rate) (1.0.0).

[13] Brandon Shores LLC, Tariff Database, CORS-RMR Arrangement, Continuing Operations Rate Schedule (0.0.0) (filed in Docket No. ER24-1790-000); H.A. Wagner LLC, Tariff Database, CORS-RMR Arrangement, Continuing Operations Rate Schedule (0.0.0) (filed in Docket No. ER24-1787-000).

December 31, 2025.[14] On June 17, 2024, the Commission accepted and suspended both rate filings and established hearing and settlement judge procedures.[15] Those proceedings remain pending with the Commission.[16]

C. <u>Reference Resource</u>

8. The VRR Curve is an administratively determined demand curve, which in combination with the supply curve formed from capacity supplier sell offers determines the BRA clearing solution under PJM's RPM construct. There are several inputs to the VRR Curve, including Gross CONE and Net CONE. Gross CONE is established by the nominal levelized cost of a representative, theoretical new power plant (Reference Resource).[17] Net CONE is determined by subtracting the expected Net EAS revenues that the Reference Resource would earn in PJM's other markets from Gross CONE.[18] The PJM Tariff requires PJM and its stakeholders to review both the shape of the VRR Curve and the inputs to that curve every four years (Quadrennial Review).[19] In 2023, following PJM's latest Quadrennial Review, the Commission accepted PJM's proposal

---

[14] Brandon Shores Transmittal, Docket No. ER24-1790-000, at 4 (filed April 18, 2024).

[15] *H.A. Wagner LLC*, 187 FERC ¶ 61,176, at P 2 (2024).

[16] On January 27, 2025, Brandon Shores submitted to the Settlement Judge a Joint Offer of Settlement executed by Brandon Shores, PJM, the Maryland Public Service Commission, Southern Maryland Electric Cooperative, Old Dominion Electric Cooperative, and Exelon Corporation. Brandon Shores Joint Offer of Settlement, Docket No. ER24-1790-001, at 1 (filed Jan. 27, 2025).

[17] PJM, Intra-PJM Tariffs, OATT, Definitions-C-D (37.1.1) (definition of "Cost of New Entry").

[18] PJM, Intra-PJM Tariffs, OATT, Definitions-L-M-N (46.0.1) (definition of "Net Cost of New Entry").

[19] PJM, Intra-PJM Tariffs, OATT, attach. DD (Auction Clearing Requirements (26.1.0), § 5.10(a)(i)-(iii).

to change the Reference Resource from a dual-fuel combustion turbine (CT) to a natural-gas fired combined-cycle (CC) starting with the 2026/2027 BRA.[20]

D. Non-Performance Charge Rate

9. PJM's capacity market includes the Capacity Performance construct, which incentivizes capacity resources to deliver energy and reserves during emergency conditions by imposing Non-Performance Charges on capacity resources that perform below their expected performance, relative to their capacity commitments, and awarding bonus performance payments to resources that overperform relative to their capacity commitments.[21] PJM measures resource performance during Performance Assessment Intervals (PAI), which are triggered when PJM declares an Emergency Action.[22]

10. PJM's current Non-Performance Charge rate requires that a resource pay the expected full cost of replacement capacity for each of the PAI intervals for which it fails to perform in a given delivery year. The Commission accepted PJM's use of Net CONE in the Non-Performance Charge Rate as a reasonable estimate of the cost of providing replacement capacity.[23] The Non-Performance Charge is evaluated on a 5-minute basis, based on an estimated 30 hours of emergency actions (i.e., 12 x 30 or 360 PAI intervals) in a given delivery year, resulting in an estimated Non-Performance Charge during the delivery year of: Net CONE for the LDA/360.

II. PJM Filing

11. PJM states that the resource mix in the PJM region is undergoing an extreme and rapid tightening of supply and demand.[24] PJM explains that this transition is the result of significant retirements of PJM's dispatchable generation fleet, rapid load growth, the slow arrival of replacement resources, and changes to capacity accreditation and other

[20] The Commission-accepted changes included revisions to the PJM Tariff's definition of Reference Resource to indicate a combined-cycle plant with certain specifications.

[21] PJM, Intra-PJM Tariffs, OATT, attach. DD, § 10A (Charges for Non-Performance and Credits for Performance) (12.0.0).

[22] *PJM Interconnection, L.L.C.*, 184 FERC ¶ 61,058, at P 6 (2023) (PAI Trigger Order).

[23] *PJM Interconnection, L.L.C.*, 151 FERC ¶ 61,208, at PP 159-160, *order on reh'g*, 155 FERC ¶ 61,157 (2015) (Capacity Performance Order).

[24] Transmittal at 4-5.

modeling practices over a shortened forward period. PJM states that it expects these trends to continue for the foreseeable future, pointing to increased load growth driven by electrification trends and data center development in the PJM Region. After evaluating the high clearing prices resulting from the 2025/2026 BRA, PJM states that it reexamined several capacity market rules given the rapid tightening of supply and erosion of its reserve margins.

12. PJM proposes several revisions to its capacity market design. Specifically, PJM proposes to: (1) recognize the resource adequacy contribution of RMR units that can be reasonably expected to perform during capacity emergencies during the 2026/2027 and 2027/2028 delivery years by offering those units into the supply stack as price takers; (2) switch to a CT Reference Resource for the 2026/2027 and 2027/2028 delivery years; (3) provide a standardized, RTO-wide Non-Performance Charge Rate beginning with the 2026/2027 delivery year that applies to all capacity resource underperformance; (4) sunset the inclusion of reactive power revenues as inputs to the VRR Curve effective June 1, 2026, the start of the 2026/2027 delivery year, in accordance with Order No. 904;[25] (5) clarify that the Tariff's categorical exemption and resource-specific exceptions from the capacity "must-offer" requirement do not provide a defense to market power allegations; and (6) memorialize the delayed BRA dates in the Tariff.[26] Section IV of this order summarizes the details of PJM's proposed reforms.

13. PJM states that its proposed reforms are just and reasonable because they would, among other things, remove the near-term uncertainty caused by PIOs' complaint, ease the auction impacts of an unexpectedly steep VRR Curve by maintaining a CT Reference Resource, and decrease the possibility of a zero-dollar Non-Performance Charge Rate.[27]

14. PJM also explains that, to help facilitate acceptance of PJM's proposals without delay, PJM consents to the Commission's exercise of its authority to modify PJM's proposed Tariff language to the extent necessary and permitted under FPA

---

[25] *Comp. for Reactive Power Within the Standard Power Factor Range*, Order No. 904, 189 FERC ¶ 61,034 (2024).

[26] Transmittal at 1-2. PJM states that its package of reforms is not intended to be severable, with the exception of the sunsetting of reactive power revenues.

[27] *Id.* at 11.

section 205 and *NRG*,[28] where such modification is consistent with PJM's overarching objectives.[29]

III. Notice and Responsive Pleadings

15. Notice of PJM's filing was published in the *Federal Register*, 89 Fed. Reg. 100994 (Dec. 13, 2024), with interventions and protests due on or before December 30, 2024.[30] Notices of intervention or timely-filed motions to intervene were submitted by the entities listed in the Appendix to this order.[31] Out-of-time motions to intervene were filed by Vistra Corporation (Vistra), Alpha Generation, LLC (Alpha), Pennsylvania Commission, and Nucor and Steel Dynamics, Inc. (Steel Producers). Numerous entities submitted comments and protests, as summarized below. Answers were submitted by PJM, EPSA, Constellation, and New Jersey Commission.

16. On December 27, 2024, Joint Consumer Advocates (JCA)[32] filed a motion to consolidate this proceeding with Docket Nos. EL24-148-000, EL25-18-000, and ER25-785-000. PJM, PJM Power Providers (P3), and PIOs filed protests to JCA's motion. On January 6, 2025, Pennsylvania filed a motion to consolidate this proceeding with Docket Nos. EL25-46-000 and ER25-785-000.[33] PJM and P3 filed protests to Pennsylvania's motion. The Pennsylvania Commission filed an answer in support of Pennsylvania's motion.

---

[28] *NRG Power Mktg., LLC v. FERC*, 862 F.3d 108, 114-15 (D.C. Cir. 2017) (*NRG*).

[29] Transmittal at 3.

[30] On December 10, 2024, the Commission issued an errata notice correcting and extending the due date to January 6, 2025.

[31] The abbreviated names or acronyms by which these entities are referred to in this order are noted in the Appendix.

[32] Joint Consumer Advocates include the Illinois Attorney General's Office; Illinois Citizens Utility Board; Maryland Office of People's Counsel; New Jersey Division of Rate Counsel; Office of the Ohio Consumers' Counsel; and Office of the People's Counsel for the District of Columbia.

[33] *Governor Josh Shapiro v. PJM*, Motion to Consolidate and Request for Expedited Action of Governor Josh Shapiro and the Commonwealth of Pennsylvania, Docket Nos. EL25-46-000, ER25-682-000 and ER25-785-000 (filed Jan. 6, 2025).

IV. Discussion

A. Procedural Matters

17. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2024), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.[34]

18. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant the late-filed motions to intervene of Vistra, Alpha, Pennsylvania Commission, and Steel Producers given their interest in this proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

19. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2024), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We accept the answers filed in this proceeding because they have provided information that assisted us in our decision-making process.

20. We decline to consolidate this proceeding with other proceedings involving PJM's capacity market rules. In general, the Commission consolidates proceedings only if a trial-type evidentiary hearing is required and there are common issues of law and fact.[35] We conclude that consolidation is not appropriate because we are not setting for hearing any issues in this proceeding.

B. Treatment of RMR Resources in the Capacity Market

1. Proposal

21. PJM states that, because not all transmission reliability needs are priced into PJM's markets, resources seeking to deactivate are sometimes retained through RMR agreements while transmission upgrades are completed.[36] PJM states that a generator

---

[34] Entities that filed comments or protests but did not file a notice of intervention or motion to intervene are not parties to this proceeding. *See* 18 C.F.R. § 385.211(a)(2) (2024) ("The filing of a protest does not make the protestant a party to the proceeding. The protestant must intervene under Rule 214 to become a party.").

[35] *Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,108 (2024) (citing *Dynegy Res. I, LLC*, 150 FERC ¶ 61,232, at P 17 (2015); *Duke Energy Corp.*, 136 FERC ¶ 61,245, at P 33 (2011); *Terra-Gen Dixie Valley, LLC*, 132 FERC ¶ 61,215, at P 44, n.74 (2010); *Startrans IO, L.L.C.*, 122 FERC ¶ 61,253, at P 25 (2008)).

[36] Transmittal at 12.

seeking to deactivate has the right under the Tariff to decide: (1) whether to remain in operation after its deactivation date to address transmission reliability issues; (2) how the resource may operate during the retained period; and (3) how it is compensated.[37] PJM states that the terms and conditions under which each retained resource agrees to stay online and operate are resource-specific, and the operating terms are negotiated between PJM and the resource owner and are subject to modification and approval by the Commission. PJM contends that, while it cannot categorically rely on all RMR resources to meet PJM's resource adequacy needs, it has developed a set of proposed criteria designed to ensure PJM has sufficient confidence that certain RMR resources may be reasonably counted upon to perform during capacity emergencies.[38] To recognize the capacity capability of those qualifying RMR resources, PJM proposes to administratively include those resources into the supply stack as price takers, i.e. at offers of $0/MW-Day, for the BRAs for the 2026/2027 and 2027/2028 delivery years as an interim solution until it develops a more fulsome proposal.[39]

22. Specifically, PJM states that, only for auctions up to and including the 2027/2028 delivery year, it proposes to recognize the capacity contribution of RMR resources that meet four objective criteria.[40] The first criterion that PJM proposes is that the RMR resource must meet the deliverability requirements in Schedule 10 of the Reliability Assurance Agreement (RAA) and have sufficient Capacity Interconnection Rights (CIRs) for the duration of the RMR agreement. To effectuate this requirement, PJM proposes to cap the resource's available unforced capacity (UCAP) at its CIRs.[41] Second, the RMR resource must have submitted a deactivation notice, accepted PJM's request to stay in operation to address transmission reliability issues, and not have already cleared in an RPM Auction for the relevant delivery year.[42] As part of this criterion, PJM states that the Commission must have accepted the resource's RMR agreement at least three months before PJM posts the planning parameters for the relevant BRA so that PJM may factor

---

[37] PJM states that the Tariff offers resource owners the choice of being compensated through a cost-of-service rate approved by the Commission or formulaic Deactivation Avoidable Cost Rate. *Id.* (citing PJM, Intra-PJM Tariffs, OATT, pt. V, § 113 (2.0.0), § 113.2).

[38] *Id.* at 13.

[39] *Id.* at 14.

[40] *Id.* at 13-14, 23.

[41] *Id.* at 17 (citing PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.3 (Commitment of Contractually Purchased Capacity Resources) (2.0.0), § 5.3(b)(i) (Proposed Tariff)).

[42] *Id.* at 17-18 & n.38.

the resource into its planning parameters.[43] PJM contends that its proposed three-month cutoff date is reasonable because developing planning parameters requires a complete data set and it takes weeks to perform the required analyses. Third, PJM states that the resource must have all necessary permits and be free of conditions—including those imposed by bilateral agreements with a private third party—that would unduly prevent the resource from operating, such that PJM can reasonably expect the resource to be able to operate and meet capacity needs during the relevant delivery year.[44] Fourth, PJM states that the RMR resource must be reasonably expected to be available for dispatch by PJM in the event of any PJM emergencies and to perform to address emergencies unless the resource is on an outage.[45] This criterion is needed, PJM contends, because the lack of a *pro forma* RMR agreement and standardized terms and conditions for RMR resources means that each retained resource operates according to resource-specific terms and conditions, and PJM therefore cannot assume that an RMR resource would be required to operate to address a capacity emergency.[46]

23. PJM contends that its proposal will allow for the recognition of RMR agreements expected to be in place for the next two delivery years and is appropriately tailored to take into account only those agreements that have specific provisions that provide PJM with reasonable assurance that the RMR resource can contribute towards resource adequacy.[47] PJM contends that its proposal fosters economically efficient outcomes by addressing a disconnect between the physical reality of available capacity and the capacity recognized by the capacity market under the existing rules.[48] PJM explains that there are RMR resources physically present within the PJM region that demonstrably can contribute toward resource adequacy, but lack the economic incentive to participate in the capacity market due to market revenues generally not flowing to the RMR resource owner.[49] PJM asserts that ignoring the capacity capability of RMR resources artificially

---

[43] *Id.* at 18. PJM adds that the RMR agreement need only be the effective version and need not be the final version—i.e., no longer subject to the outcome of Commission or judicial proceedings. *Id.* at 19.

[44] *Id.* at 20-21 (citing Proposed Tariff, attach. DD, § 5.3(b)(i)(A)).

[45] *Id.* at 21-22 (citing Proposed Tariff, attach. DD, § 5.3(b)(i)(B)).

[46] *Id.* at 21.

[47] *Id.* at 23-24.

[48] *Id.* at 29.

[49] *Id.* (citing Affidavit of Walter Graf and Skyler Marzewski on Behalf of PJM Interconnection, L.L.C. (Attachment D) ¶ 22 (Graf/Marzewski Aff.)).

inflates the need for capacity and new investments, and ultimately leads to consumers paying twice for the same capacity: once through the RMR agreement, and again in the capacity market to procure the very capacity already provided by the RMR resource.[50] Further, PJM explains that its proposal to include only RMR resources that meet the proposed criteria in the supply stack as price-takers would allow the market to reflect the actual level of capacity supply in the market. PJM explains that there is no double payment concern regarding RMR resources that do not meet the proposed criteria as those resources are excluded from the capacity market because they are not expected to contribute to resource adequacy in the delivery year.[51] PJM asserts that resources that fail to meet its proposed criteria have not demonstrated that they contribute toward resource adequacy in the PJM region and it is therefore unreasonable to claim that load is paying twice for capacity associated with such resources.[52]

24. PJM states that, as of the date of its filing, the only resources that PJM has asked to remain online to address transmission reliability issues are Brandon Shores Units 1 and 2, Wagner Units 3 and 4, and Indian River Unit 4.[53] PJM states that it will not make any final determinations regarding whether any of those five resources currently retained under RMR agreements can reasonably be counted as capacity for the 2026/2027 and 2027/2028 delivery years until PJM posts the planning parameters.[54] Still, PJM conveys that it expects Indian River 4 will not be in-service in 2025—and therefore, not be eligible for inclusion in the supply stack under PJM's proposed criteria—and that Wagner 3 and 4 currently meet all the criteria and would therefore qualify for inclusion in the supply stack.[55] As for Brandon Shores, PJM contends that an amendment to the Sierra Club-Talen Agreement may preclude PJM from relying on the resource as capacity because it permits Brandon Shores to operate beyond December 31, 2025 only if the Secretary of Energy issues an emergency order under FPA section 202(c).[56] PJM states that the Sierra-Talen Agreement could be an impediment to Brandon Shores' continued

[50] *Id.* at 30 (citing Graf/Marzewski Aff. ¶¶ 26-27).

[51] *Id.* (citing Graf/Marzewski Aff. ¶ 30).

[52] *Id.* at 23.

[53] *Id.* at 20. PJM also states that it is unlikely that any additional resources would have an RMR agreement accepted by the Commission before the Base Residual Auctions for the 2026/2027 and 2027/2028 delivery year. *Id.* at 19, n.41.

[54] *Id.* at 24.

[55] *Id.* at 24-25.

[56] *Id.* at 25; *see* 16 U.S.C. § 824a(c).

operation beyond December 31, 2025 unless the Sierra Club-Talen Agreement is amended or PJM is provided with other evidence assuring PJM that Sierra Club will not enforce the agreement such as a unilateral officer certification that it will not seek to disrupt operations pursuant to an RMR arrangement.[57] PJM also states that Sierra Club could modify the Sierra Club-Talen Agreement to allow the unit to run during emergency conditions. PJM states that, to the extent there is ambiguity as to whether a unit will satisfy PJM's criteria, PJM intends to "run multiple planning models that include and exclude the RMR resources as capacity prior to the posting of the planning parameters" and that PJM would then make a "final determination" and "the final list of qualifying RMR resources will be posted as part of the planning parameters."[58]

25. PJM contends that, if an RMR resource meets the objective criteria proposed in PJM's filing, PJM will include such resource in the supply stack with a sell offer of $0/MW-day at the resource's full available UCAP amount—as determined by PJM's effective load carrying capability (ELCC) accreditation approach and capped at its CIRs—guaranteeing that such resources will clear and count towards resource adequacy reliability requirements.[59] PJM states that treating RMR resources as price takers is consistent with ISO New England's (ISO-NE) and the New York Independent System Operator's (NYISO) Commission-approved treatment of retained resources in capacity auctions.[60] Given that RMR resources that PJM has administratively deemed to be in the supply stack did not affirmatively choose to be capacity resources, PJM proposes to state in its Tariff that such resources will not be subject to the rights and obligations of a committed capacity resource and will be excluded from the "Balancing Ratio" used during PAIs to determine how much energy a capacity resource was expected to provide.[61]

26. PJM states that whether a resource can actually support its cleared UCAP amount will not be known until before the third incremental auction held the February before the delivery year starts on June 1.[62] Thus, PJM proposes that, in the third incremental

---

[57] *Id.* at 25.

[58] *Id.* at 24, n.50.

[59] *Id.* at 25-27.

[60] *Id.* at 27-28 (discussing *Indep. Power Producers of N.Y. v. N.Y. Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,214 (2015) (*IPPNY*), *order on reh'g & clarification*, 170 FERC ¶ 61,118 (2020); *ISO New England Inc.*, 165 FERC ¶ 61,202 (2018)).

[61] *Id.* at 26-27 (citing Proposed Tariff, attach. DD, § 5.3(b)(iv)).

[62] *Id.* at 31.

auction, it will deem offered at $0/MW-day, any amount by which an RMR Resource's final accredited UCAP exceeds the UCAP amount that cleared in the corresponding BRA or, in the event of a UCAP shortfall, PJM will seek additional capacity commitments to make up for the shortfall and to meet all applicable reliability requirements.[63] Further, when determining applicable reliability requirements and the Adjusted Zonal Capacity price, PJM proposes to rely on and/or reflect the final accredited UCAP value for RMR resources.[64]

27. PJM proposes to credit all capacity market revenues associated with the cleared UCAP of an RMR resource to the load that finances the continued operation of that resource, which helps ensure that load only pays once for an RMR resource's capacity.[65] There is no reason to allocate such revenues to the RMR resource owner, PJM avers, because the owner is already fully compensated for the operation of the resource via the RMR agreement and faces no performance risk.

28. PJM states that its RMR proposal is an interim solution for the next two delivery years while PJM works with its stakeholders to develop a more fulsome proposal for considering the resource adequacy contributions of RMR resources.[66] PJM asserts that its time-limited proposal is appropriate because it expects that, during this time period, responsible parties will take all reasonable efforts to make necessary transmission upgrades into the BG&E zone.[67] PJM states that, in the event that development of a more comprehensive approach is delayed and the Brandon Shores and Wagner units are still needed to maintain reliability for the entire 2028/2029 delivery year, PJM could submit a future filing to extend these proposed provisions to the 2028/2029 delivery year. PJM states that, to provide notice of this possible extension, PJM's proposed Tariff language explicitly provides that PJM may seek to extend these provisions if necessary.[68]

---

[63] *Id.* at 31-32 (citing Proposed Tariff, attach. DD, § 5.3(b)(ii), (iii)).

[64] *Id.* at 32 (citing Proposed Tariff, attach. DD, § 5.3(b)(iii); *id.* § 5.14 (Clearing Prices and Charges) (42.0.0), § 5.14(f)(ii)).

[65] *Id.* at 32-33 (citing Proposed Tariff, attach. DD, § 5.3(b)(v)).

[66] *Id.* at 8, 15-16.

[67] *Id.* at 16.

[68] *Id.* at 16 (citing Proposed Tariff, attach. DD, § 5.3(b)) (stating that the proposed provisions apply through the 2027/2028 delivery year "unless an extension of these provisions are proposed by the Office of the Interconnection").

2. Responsive Pleadings

29. Several parties—ODEC,[69] Ohio FEA,[70] JCA, Pennsylvania,[71] UCS, and OPSI[72]—support the proposal to account for the capacity capability of RMR Resources. Ohio FEA notes that PJM's proposed criteria ensure that only those units able to provide a capacity equivalent service are counted as capacity.[73] JCA assert that PJM's proposal to include certain RMR units as price takers will prevent physical or economic withholding, maximize supply available to the market, enable efficient price formation reflecting current supply and demand conditions, and ensure that CIRs are used to their full potential.[74] ODEC supports PJM's proposed treatment of RMR resources, stating that high clearing prices are not resulting in increased supply or other mitigating measures in the near-term because there is a misalignment between PJM's capacity market design and the ongoing changes in resource mix in the PJM region.[75] Vistra, Alpha, and Calpine state that they support PJM's RMR proposal only because it is time-limited.[76] Constellation does not oppose PJM's RMR proposal given that it is a temporary, stop-gap proposal.[77] FirstEnergy, Duquesne, and PPL state that the Commission should convene a technical conference to explore the need for prompt and significant investment in large amounts of new dispatchable generation in the PJM region.[78]

---

[69] ODEC Comments at 1.

[70] Ohio FEA Comments at 3.

[71] While Pennsylvania supports the proposal, they argue that the changes are insufficient to address the problems with PJM's capacity market. Pennsylvania Comments at 1.

[72] While both JCA and UCS support the proposal, they protest that it is time-limited. JCA Comments at 13-14; UCS Comments at 3-5.

[73] Ohio FEA Comments at 5.

[74] JCA at 8, 12-13.

[75] ODEC Comments at 3.

[76] Vistra, Alpha, and Calpine Comments at 5-6.

[77] Constellation Protest at 6.

[78] FirstEnergy, Duquesne, and PPL Comments at 6.

30. IMM and PIOs oppose PJM's proposed criteria for selecting which RMR units qualify to be offered into the supply stack. PIOs contend that PJM's proposal may result in PJM not counting the capacity from RMR resources that will operate during capacity emergencies.[79] PIOs state that PJM's proposal leaves PJM with considerable discretion in how it will consider both the impact of bilateral agreements and an order from the Department of Energy under section 202(c) of the FPA when determining whether an RMR resource is reasonably expected to be available for dispatch in an emergency. PIOs state that, if PJM's discretion would enable it to disregard the high probability of a section 202(c) order, then the resulting rates would be unjust and unreasonable.[80] PIOs request that the Commission accept PJM's filing, subject to a requirement that PJM clarify how a section 202(c) order for Brandon Shores would inform whether PJM reasonably anticipates that facility being able to deliver capacity. PIOs request that, if accepted, PJM's proposed tariff provisions should be effective until a long-term solution is reached by PJM.[81] OPSI contends that Brandon Shores satisfies PJM's criteria for an RMR unit because Brandon Shores will be able to operate in an emergency pursuant to FPA section 202(c) and therefore PJM should be expected to include Brandon Shores in the supply stack.[82]

31. IMM states that, while it is encouraging that PJM recognizes that RMR resources should be included in capacity auctions to ensure efficient pricing, it further argues that PJM should amend its proposed criteria so that every RMR resource that customers must pay for is on notice that it is explicitly required to meet the RMR criteria. IMM states that it is unacceptable to create uncertainty for market participants as to whether certain RMR units will be included in the capacity market, and it is not just and reasonable for PJM to require customers to pay for RMR service that PJM is not willing to commit will be provided. IMM states that it is PJM's responsibility to ensure that RMR resources provide the needed services and maintain reliability, noting that PJM negotiates operating details with each RMR resource.[83]

32. Protesters also raise concerns that RMR resources are not subject to the same incentives and requirements as capacity resources. P3 states that RMR resources, unlike capacity resources, do not have performance obligations, energy market must offer

---

[79] PIOs Comments at 11.

[80] *Id.* at 15.

[81] *Id.* at 16

[82] OPSI Comments at 3.

[83] IMM Comments at 11-13.

requirements, or non-performance penalties.[84] LS Power, Vistra, Alpha, and Calpine echo these comments.[85] LS Power and EPSA assert that RMR resources are retained to provide transmission, not capacity, and conflating the two could hurt reliability as there is no guarantee the RMR resource will provide actual capacity.[86] PSEG states that exempting RMR resources from capacity resource testing requirements is not just and reasonable and is unduly discriminatory.[87] PSEG states that the Commission should require RMR resources to be subject to the same requirements as other capacity resources; otherwise, including such resources as capacity resources will artificially depress market clearing prices and do little to improve reliability. In the case of Brandon Shores and Wagner, Constellation notes that the units would not submit economic offers, nor be subject to economic dispatch, meaning the resources would be run infrequently and could be expected to have a very different level of performance during stressed conditions than a typical capacity resource.[88]

33. P3 argues that it is important for markets to reflect scarcity and contends that PJM's proposal distorts market price signals by failing to incentivize the need for new generation to be built in PJM. In support of its argument, P3 points to statements made by PJM in PJM's answer to PIOs' complaint, where PJM asserted that reliance on resources that are not comparable to capacity resources effectively substitutes a lower quality product (RMR resources) for a higher quality product (capacity resources), resulting in price suppression.[89] LS Power and PSEG also assert that PJM's RMR proposal will distort and suppress price signals.[90] P3 also states that, to the extent an RMR unit experiences catastrophic failure, PJM will need to procure capacity to replace that unit in the third incremental auction, which may require PJM to purchase replacement capacity at a higher price or result in the zone having insufficient capacity months ahead of when it is needed.[91]

---

[84] P3 Protest at 7.

[85] LS Power at 15, 17; Vistra, Alpha, and Calpine Comments at 5-6.

[86] LS Power Protest at 14-15, 17; EPSA Comments at 7.

[87] PSEG Comments at 20.

[88] Constellation Protest at 5.

[89] P3 Protest at 8 (citing PJM Answer to PIOs Complaint at pp. 10-11).

[90] LS Power Protest at 13; PSEG Comments at 20.

[91] P3 Comments at 9-10.

34. Several protesters also assert that PJM's proposed capacity market price taker treatment for RMR units is unjust and unreasonable. Protesters argue that, if RMR resources are to be offered into the capacity market, the offers should replicate a competitive offer that reflects their costs of participating in the capacity market.[92] They argue that a competitive offer would allow the market results to send a more accurate price signal to other resources, better preserving the purpose of the capacity market. P3 highlights that some RMR resources would be unwilling to take on a capacity commitment as a price taker due to their refusal to supply capacity at all.[93] Constellation asserts that PJM's reliance on ISO-NE and NYISO precedent for the price-taker approach is inapposite because in those markets, RMR resources are required to participate as "actual capacity resources, with all the obligations and risks that come with that participation."[94] Constellation states that the $0/MW-day offer price for RMRs in those constructs is intended to ensure that RMR capacity clears, given the requirement that such resources assume a capacity obligation and the concern about "double payment" for an actual capacity product.[95]

35. Protesters also object to PJM's proposal to account for RMR resources based on the unit's ELCC. P3, AMP, Constellation, Vistra, Alpha, and Calpine argue that the ELCC rating assigned to RMR resources, and therefore, their derived UCAP, should be reduced because RMR units do not have performance obligations and penalty risk that is comparable to a capacity resource.[96]

36. P3 and PIOs express concerns that PJM's proposal may create perverse incentives for resources asked to enter RMR contracts. P3 states that PJM's proposal may create a disincentive for resource owners to agree to an RMR agreement because it would inject additional uncertainty and risk for the owners of those resources.[97] For example, P3 contends that there could be consequences for non-performance under the RMR agreement and to the unit owner's reputation if the unit fails when needed. PIOs contend that PJM's proposal fails to remove or counter the incentive for the owners of an RMR

---

[92] Constellation Protest at 6-7; Vistra, Alpha, and Calpine Comments at 7.

[93] Constellation Protest at 6; P3 Protest at 8.

[94] Constellation Protest at 7-8.

[95] *Id.* at 8 (citing *ISO New England Inc.*, 165 FERC ¶ 61,202 at P 85).

[96] P3 Protest at 11; Vistra, Alpha, and Calpine Comments at 7; AMP Comments at 12; Constellation Protest at 4-6.

[97] P3 Protest at 10.

unit to decline to be dispatchable during capacity emergencies, thus resulting in higher capacity market revenues for the remainder of the RMR unit owner's fleet.[98]

37. P3 opposes PJM's proposal to run multiple planning models when there is ambiguity regarding the ability of the RMR unit to meet PJM's proposed criteria.[99] P3 states that, because the inclusion or exclusion of RMR resources in the supply stack will impact CETO and CETL calculations that form the basis of the planning parameters, it would be unreasonable for market participants to submit offers without knowing whether RMR units are going to be included in the auction at $0/MW-day.

38. Some parties request that the Commission direct PJM to make clarifications or modifications to its proposal. Constellation states that the Commission should require PJM to clarify that its RMR proposal is effective only for the duration of the 2026/2027 and 2027/2028 delivery years.[100] Constellation asserts that, while PJM's transmittal is clear that the proposal is limited to those two delivery years, PJM's tariff language suggests that PJM may be able to extend the proposal at its own discretion.[101] Constellation also states that the Commission should condition acceptance of PJM's proposal on a minor modification that would have PJM price RMR resources at their competitive cost of providing capacity, rather than as price takers.[102] P3 states that, while it believes PJM's RMR proposal should be rejected, if the Commission embraces PJM's invitation to modify its proposal, P3 suggests the Commission should reject the notion of PJM running multiple planning models, require PJM to calculate specific ELCC values for RMR resources, and require RMR units to reflect incremental costs in its capacity offers, rather than be entered as price takers.[103] PIOs state that PJM's RMR proposal should sunset upon approval of a longer-term solution, and that such a change would meet the objectives that PJM has set out for its filing when describing its willingness to

---

[98] PIOs Comments at 9-10.

[99] P3 Protest at 9.

[100] Constellation Protest at 11-12.

[101] *Id.* (citing Proposed Tariff, attach. DD § 5.3(b)(i) (stating that the proposal is effective up to and including the 2027/2028 delivery year "unless an extension of these provisions are *proposed* by the Office of Interconnection") (emphasis added)).

[102] Constellation Protest at 4; Constellation Answer at 1.

[103] P3 Protest at 10-11.

consent to modifications.[104] LS Power, EPSA, and P3 each express skepticism of the Commission's ability to modify PJM's proposal under *NRG*.[105]

3. **Answers**

39. In response to IMM's concerns regarding PJM's criteria, PJM states that it has no authority to dictate standardized operating terms and thus, PJM cannot expect that all RMR resources would provide comparable levels of performance during a capacity emergency.[106] In response to IMM's contention that RMR resources may not meet PJM's proposed RMR criteria, which would result in customers possibly paying for an RMR resource that is not counted towards resource adequacy requirements, PJM states that IMM is improperly conflating the transmission reliability purpose for which a resource is retained through an RMR agreement with resource adequacy.

40. In response to arguments that PJM should impose on qualifying RMR units the same Tariff requirements applicable to capacity resources, PJM reiterates that its objective criteria provide structural assurances that the RMR resources can perform during capacity emergencies.[107] PJM explains that the RMR agreement assumes a similar role as the Tariff-based rules designed to provide reasonable assurances for resource performance and penalties. PJM further states that, whether the resource adequacy contribution is provided by a capacity resource that has rights and obligations under the Tariff or an RMR resource that meets specified Tariff-based criteria designed to provide reasonable performance assurances, the benefit to load is the same.[108] New Jersey Commission supports PJM's criteria-based approach as a reasonable framework that sets clear, objective benchmarks for evaluating RMR resources and states that protesters' arguments that PJM's proposal fails to ensure the reliability of RMR resources are speculative and lack concrete evidence.[109]

41. PJM further states that, since submitting its proposal, PJM now has greater confidence that there will be a resolution of both the ongoing RMR agreement

---

[104] PIOs Comments at 17.

[105] LS Power Protest at 3; EPSA Comments at 7-8; P3 Protest at 17; *see NRG*, 862 F.3d 108.

[106] PJM Answer at 5-6.

[107] *Id.* at 7-8.

[108] *Id.* at 9.

[109] New Jersey Commission Answer at 3.

proceedings before the Commission in Docket Nos. ER24-1787 and ER24-1790 and the impediments presented by the Sierra Club-Talen Agreement.[110] Accordingly, PJM states that it has reasonable assurances that Brandon Shores units 1 and 2 and Wagner units 3 and 4 meet the objective criteria and will contribute to resource adequacy during emergencies and that PJM intends to count those resources toward meeting reliability requirements by including them in the supply stack should the Commission accept PJM's proposal. In response to protests from IMM and P3 regarding the uncertainty of whether Brandon Shores will be included in the BRA, New Jersey Commission states that PJM's proactive approach of running multiple planning models to address potential ambiguities before the BRA demonstrates PJM's commitment to mitigating predictability issues and minimizing disruptions to the market.[111]

42. In a supplemental answer, PJM further states that, in Docket No. EL24-148, the complainants submitted a declaration testifying that the Sierra-Talen Agreement has recently been amended to allow the Brandon Shores units to continue to operate in accordance with their RMR agreement beyond December 31, 2025.[112] PJM also notes that a settlement agreement proposing to define the operating terms of the Brandon Shores and Wagner units was submitted in Docket Nos. ER24-1787 and ER24-1790. PJM contends that these two recent developments further support PJM's conclusion that it can rely on those resources to perform during capacity emergencies.[113] In response to PJM's supplemental answer, IMM avers that PJM clearly states that it will include the capacity of the Brandon Shores and Wagner units in the supply stack.[114] While IMM supports PJM's approach, IMM reiterates its argument that PJM's RMR criteria provide too much discretion to PJM in determining whether to include an RMR unit in the supply stack. IMM further reiterates that it would be unacceptable to pay an RMR resource its full cost of service when it does not provide reliability benefits associated with being a capacity resource.

43. In response to arguments that PJM should discount an RMR resource's accreditation because they do not share the same penalty risk as capacity resources, PJM states that a resource's accredited UCAP value is based on the resource's expected

[110] PJM Answer at 10-11.

[111] New Jersey Commission at 4.

[112] PJM Supplemental Answer at 1 (citing Sierra Club, et al., v. PJM Interconnection, L.L.C., Complainants' Motion to Lodge and Second Declaration of Justin Vickers, Docket No. EL24-148-000, Attachment C (Jan. 31, 2025)).

[113] *Id.* at 2.

[114] IMM Answer at 2-3.

performance given its historical performance and resource characteristics and that the RMR agreements for Brandon Shores and Wagner include provisions that provide reasonable assurances that those resources will perform during capacity emergencies and provide an incentive to achieve such performance because those resources would otherwise be in violation of a Commission-filed rate schedule.[115]

44. PJM also responds to protesters' objections to its proposal to include RMR resources as price takers. PJM states that its proposal is consistent with the Commission's prior holdings supporting the treatment of RMR resources as price-takers in capacity auctions and will ensure that consumers do not pay twice for the resource adequacy benefits offered by qualifying RMR resources.[116] PJM also states that the Commission has held that an RMR resource's "going-forward costs would likely be low," when the out-of-market revenues received pursuant to RMR agreements, which "reflect the value of the services provided by these resources to customers[,]" are also considered.[117] New Jersey Commission likewise states that there are no costs for RMR units to participate in the capacity market because ratepayers already cover the costs for RMR resources to stay online for reliability reasons.[118] Constellation reiterates that the Commission should condition acceptance of PJM's proposal on a minor modification that would have PJM price RMR resources at their competitive cost of providing capacity, rather than as price takers.[119]

45. In response to protesters' concerns that PJM's proposal may undermine price formation, PJM states that the Commission previously accepted similar proposals in NYISO and ISO-NE to offer RMR units as price-takers in their respective capacity markets over similar protests.[120] PJM states that prices cannot be said to be "suppressed"

---

[115] PJM Answer at 12.

[116] *Id.* at 13.

[117] *Id.* at 14 (citing *IPPNY*, 150 FERC ¶ 61,214 at P 66, *clarified*, 170 FERC ¶ 61,118 (2020) ("In calculating the going-forward costs of these two resources, it is reasonable to deduct their RSSA revenues, because the revenues do not overstate the value provided by the resources to customers.")).

[118] New Jersey Commission Answer at 5.

[119] Constellation Answer at 5.

[120] *Id.* at 15 (citing *ISO New England Inc.*, 165 FERC ¶ 61,202; *N.Y. Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,116 (2015), *order on reh'g*, 155 FERC ¶ 61,076 (2016), clarified by 161 FERC ¶ 61,189 (2017), *order on reh'g*, 163 FERC ¶ 61,047 (2018)).

where lower capacity market prices are in fact *accurate* reflections of market signals.[121] PJM also contends that the Commission has found the claim that treating RMR resources as price takers causes price suppression to be suspect, noting that there are complex multi-faceted reasons for changes in capacity prices.[122] PJM also states that, the Commission has nonetheless held that price suppression may be "an acceptable byproduct of market rules" depending on the circumstances.[123] PJM states that capacity market administrators must balance the risk of price suppression against other market considerations and potential harms.[124]

46. PJM reiterates that its proposal is only a stop-gap measure for two delivery years while PJM works with stakeholders to develop a more fulsome proposal.[125] PJM states that the Commission has adopted interim capacity market solutions when necessary to address specific concerns similar to PJM's proposal in this proceeding.[126] New Jersey Commission states that PJM proposes necessary interim solutions, and that the condensed timeframes for RPM auctions limits the feasibility of implementing comprehensive, long-term RPM reforms before the next two BRAs occur.[127]

---

[121] *Id.* at 16.

[122] *Id.* at 17 (citing *IPPNY*, 150 FERC ¶ 61,214 at P 67).

[123] *Id.* at 17 (citing *ISO New England Inc.*, 173 FERC ¶ 61,198, at P 74 (2020) (stating lock-in and capacity-carry-forward rules "may result in price suppression" but depending on the circumstances may be "an acceptable byproduct of market rules").

[124] *Id.* at 17-18 (citing *ISO New England Inc.*, 173 FERC ¶ 61,198 at P 74; *ISO New England Inc.*, 155 FERC ¶ 61,023, at P 68 (2016) (finding that, where ISO-NE sought to "balance both the harms and the benefits to customers from an exemption that might result in some price suppression," the exemption was just and reasonable because ISO NE "took steps to limit the amount of price suppression" and enabled the continued procurement of "sufficient capacity to meet reliability targets"); *PJM Interconnection, L.L.C.*, 137 FERC ¶ 61,145, at P 209 (2011) (accepting PJM's proposed approach to self-supply resources in capacity auction finding that "it appropriately balances the need to protect against uneconomic entry while also mitigating parties' concerns about having to pay twice for capacity as a result of failing to clear in RPM")).

[125] *Id.* at 15, 19.

[126] *Id.* at 19-20 (citing *ISO New England Inc.*, 165 FERC ¶ 61,202 at P 96).

[127] New Jersey Commission Answer at 8.

4. Commission Determination

47. We find that PJM's proposed method of accounting for RMR resources in PJM's RPM construct for the 2026/2027 and 2027/2028 delivery years is just and reasonable and not unduly discriminatory or preferential. We agree with PJM that taking into consideration the resource adequacy contributions of RMR resources that meet certain criteria, such that they can be reasonably expected to perform, similar to capacity resources, will reflect the actual availability of resources in the PJM Region for the 2026/2027 and 2027/2028 delivery years and avoid the risk that load will pay twice for the same capacity. We also find just and reasonable PJM's proposal to credit the capacity market revenues associated with an RMR resource's capacity contribution back to the load that is paying for the RMR resource.

48. We disagree with protesters' contentions that PJM's proposed criteria for determining whether to include an RMR resource in the capacity market supply stack are unjust and unreasonable. Instead, we find that PJM's proposed criteria reasonably identify whether an RMR resource can be expected to perform similar to a capacity resource such that excluding it from the capacity market supply stack would result in PJM over-procuring capacity. IMM states that PJM's proposed criteria should be mandatory for all RMR resources and that PJM should ensure RMR resources meet all of those criteria when it negotiates the operating parameters of an RMR agreement. However, the specific RMR agreements referenced by IMM are not before us in this proceeding.[128] Moreover, we note that, although PIOs and IMM are particularly concerned with the application of PJM's criteria to the Brandon Shores generating units, PJM has affirmed in its answers that, based on the status of the RMR agreements in Docket Nos. ER24-1787 and ER24-1790 and the recent amendment to the Sierra-Talen Agreement, the Brandon Shores and Wagner units meet PJM's proposed criteria and can be relied upon to perform during capacity emergencies.[129]

49. Several protesters oppose PJM's proposal on the basis that RMR resources are not subject to the same incentives and requirements as capacity resources. While we acknowledge that an RMR resource is not necessarily a perfect substitute for a capacity resource, we find that PJM's proposed criteria reasonably consider whether PJM can commit an RMR resource during emergency conditions to help meet the system's resource adequacy needs. We also find that PJM's proposal reasonably accounts for that

---

[128] *Cities of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984) (the Commission's authority to review rates under the FPA is limited to an inquiry into whether the rates proposed by a utility are reasonable, not whether a proposed rate schedule is more or less reasonable than alternative rate designs).

[129] PJM Answer at 10; PJM Supplemental Answer at 1.

resource's resource adequacy contribution. PJM's proposal, and, in particular, the criterion that "the RMR resource must be reasonably expected to be available for dispatch by PJM in expectation of any PJM emergencies and to perform to address emergencies" demonstrates that a qualifying RMR resource will be a reasonable substitute for a capacity resource in terms of its ability to contribute to resource adequacy during emergencies.[130] As such, and recognizing that RMR resources serve a unique function in PJM, we find it reasonable for PJM not to extend to qualifying RMR resources all the rights and obligations of capacity resources, including those related to must-offer requirements and the imposition of capacity performance penalties.

50. We find PJM's proposal to include RMR units in the capacity market supply stack as price takers is just and reasonable and consistent with Commission precedent regarding the treatment of RMR resources in NYISO and ISO-NE.[131] Specifically, PJM's proposal to include RMR resources in the capacity market with $0/MW-day offers is similar to the treatment of RMR resources as price takers in NYISO and ISO-NE, and it reduces the risk that load will procure excess capacity and pay for capacity twice as a result, once through the capacity market and again through an RMR agreement. In other words, including qualifying RMR resources in the capacity market supply stack with $0/MW-day offers ensures that these resources clear the market, such that consumers are protected against excessive capacity costs. We are not persuaded by protestors' concerns that price-taker treatment of RMR resources may result in capacity market prices that do not reflect system needs and result in price suppression through the displacement of cost-based capacity offers. In past proceedings, the Commission itself has acknowledged that treating RMR resources as price takers in the capacity market impacts capacity price formation.[132] However, the Commission determined that it is nonetheless a reasonable

[130] *See* Proposed Tariff, attach. DD, § 5.3(b)(i)(B).

[131] *See IPPNY*, 150 FERC ¶ 61,214; *N.Y. Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,116, *order on reh'g & compliance*, 155 FERC ¶ 61,076, *order on reh'g & compliance*, 161 FERC ¶ 61,189; *see also ISO New England Inc.*, 165 FERC ¶ 61,202.

[132] *See ISO New England Inc.*, 165 FERC ¶ 61,202 at P 87 ("We recognize that it is not possible to avoid an impact on either the pricing in the [Forward Capacity Auction] or the quantity of resources procured to satisfy resource adequacy when finding that a resource must be retained for fuel security. We find reasonable ISO-NE's choice to protect against inefficiently over-procuring capacity resources by reflecting a fuel security resource's contribution to resource adequacy in the [Forward Capacity Auction].").

approach and has, in fact, found that doing otherwise would result in customers paying for more capacity than they need.[133]

51. We disagree with P3 that PJM's proposal is unreasonable because it creates a potential risk that PJM may need to purchase replacement capacity in the third incremental auction if an RMR resource has a catastrophic failure. Such risk is inherent with any resource that participates in the capacity auction. We also disagree with P3's argument that PJM's proposed reforms may disincentivize an RMR resource from remaining online because it may experience reputational risk if it is unable to perform. In addition to being speculative, we note that any reputational risk that may accompany a resource's failure to perform would apply regardless of whether such resource is a qualifying RMR resource, a capacity resource, or an energy-only resource.

52. We find that PJM's proposal to include qualifying RMR units in the supply stack at their full available UCAP as determined by PJM's ELCC accreditation approach is just and reasonable. As discussed above, under PJM's proposed criteria, PJM will have reasonable assurances that qualifying RMR resources will perform during system emergencies in a manner similar to capacity resources.[134] Because ELCC accreditation is heavily weighted towards a resource's performance during stressed system conditions, we find that a resource's classification as an RMR unit does not necessitate changes in its ELCC rating for purposes of determining the amount of capacity that should be included in the capacity market supply stack for a qualifying RMR resource.

53. We also address P3's concern regarding PJM's process for posting the planning parameters in advance of the BRA. Under PJM's proposal, PJM recognizes that Wagner Units 3 and 4 would qualify for inclusion in the supply stack, as they meet PJM's criteria.[135] But PJM explains in its transmittal that the Sierra-Talen Agreement may preclude PJM's reliance on Brandon Shores as a capacity resource absent modifications

---

[133] *N.Y. Indep. Sys. Operator, Inc.*, 161 FERC ¶ 61,189 at P 55 (rejecting NYISO's non-zero offer price for RMR resources, reasoning that imposing an offer price above $0 may result in an RMR resource not clearing the market, and another capacity resource that otherwise would have not cleared the market clearing instead, thereby requiring customers to pay twice to satisfy the same capacity need).

[134] In PJM's Answer, PJM states that the Brandon Shores and Wagner units meet PJM's proposed criteria and that, accordingly, PJM intends to count these RMR resources toward meeting PJM's reliability requirements by including them in the supply stack. *Id.* at 10-11.

[135] Transmittal at 25.

to that agreement or other assurances that mitigate PJM's concerns.[136] Given this potential uncertainty, and the fast-approaching pre-auction deadlines, PJM states that "PJM intends to run multiple planning models . . . *prior to* the posting of the planning parameters,"[137] and it will "not make a *final* determination as to whether each existing RMR resource can reasonably be counted . . . until the planning parameters are posted,"[138] and that the "*final* list of qualifying RMR resources *will be posted* as part of the planning parameters."[139] The Commission understands PJM's statements to mean that PJM will make a final determination as to which RMR resources meet PJM's criteria before it posts the planning parameters, that PJM will only post one set of planning parameters, and that PJM's determination as to whether an RMR resource qualifies under its criteria is final with respect to that delivery year once PJM posts the planning parameters. Given PJM's statements, we disagree with P3's concern that market participants will submit offers without knowing whether RMR units are going to be included in the supply stack. We also note that, in the unlikely scenario where an RMR resource submits a price-based offer and also meets PJM's qualifying criteria, PJM's proposed tariff provisions would require PJM to exclude the price-based offer and include the resource as a price taker in PJM's capacity market.[140]

54. Although we find that PJM's RMR proposal is just and reasonable, we agree with Constellation that section 5.3(b)(i) of Attachment DD to PJM's proposed Tariff is unclear. In its transmittal, PJM states that the RMR proposal would "remain in effect only for the 2026/2027 and 2027/2028 delivery years" and that PJM "could submit a future filing to extend the provisions proposed herein to the 2028/2029 Delivery Year."[141]

---

[136] However, we note that, in PJM's Supplemental Answer, PJM states that the Sierra-Talen Agreement no longer undermines the ability for Brandon Shores to operate after December 31, 2025, so long as the unit operates in accordance with the RMR agreement. PJM Supplemental Answer at 3.

[137] *Id.* at 25, n.50.

[138] *Id.* at 24.

[139] *Id.* n.50.

[140] PJM, Intra-PJM Tariffs, Proposed Tariff, attach. DD, § 6.6 (Offer Requirement for Capacity Resources) (3.0.0),§ 6.6(b)(i) (stating that an RMR resource that meets PJM's criteria "*shall be* deemed to be the subject of a Sell Offer at $0/MW-Day" (emphasis added)).

[141] PJM Transmittal at 16; *see also id.* at 16, n.33 (stating that its proposed Tariff language "provide[s] notice of this possible extension").

PJM's proposed Tariff language, however, implies that PJM's proposed Tariff rules could be extended at PJM's discretion if "proposed by the Office of the Interconnection."[142] Accordingly, and consistent with PJM's intent for its proposal to remain in effect only for the 2026/2027 and 2027/2028 delivery years, and to provide notice of the potential for an extension, we direct PJM to submit a compliance filing, within 15 days of the date of this order, to revise its Tariff to specify that PJM's proposed Tariff rules could be extended if "proposed by the Office of the Interconnection and accepted by the Commission."

55. Because we find PJM's proposal is just and reasonable and not unduly discriminatory or preferential, we decline to address requests to condition our acceptance of PJM's proposal on PJM making modifications consistent with PJM's overall objectives, or to otherwise sever and reject the RMR component of PJM's package of proposed reforms.

C. Maintaining the Combustion Turbine Reference Resource

1. Proposal

56. PJM states that, while the Commission accepted its proposal to switch the Reference Resource from a dual-fuel CT to a natural-gas fired CC unit beginning with the 2026/2027 delivery year, current market conditions have caused PJM to reevaluate its planned change to the Reference Resource.[143] PJM avers that moving to a CC unit at this time would: (1) result in a steep CC-based VRR Curve and market conditions that fall outside the range for which the VRR Curve was designed; (2) leave auction outcomes unreasonably sensitive to small changes in supply or demand; (3) not reasonably reflect the gradually declining marginal reliability value of incremental capacity; and (4) produce a $0/MW-day Net CONE in certain LDAs, which PJM avers would effectively eliminate financial incentives for capacity resources to perform during emergencies.[144] By contrast, PJM contends, maintaining a CT Reference

---

[142] Proposed Tariff, attach. DD, § 5.3(b)(i).

[143] PJM points out that, due to overlapping eTariff records, PJM's currently effective tariff in the Commission's eTariff system does not reflect the Commission-accepted change to the definition of Reference Resource to a CC resource starting with the 2026/2027 delivery year. Transmittal at 64.

[144] *Id.* at 9 (citing Affidavit of Dr. Samuel A. Newell on Behalf of PJM Interconnection, L.L.C. (Attachment C) ¶ 5 ("Brattle Aff.")).

Resource on an interim basis would ease rate impacts of the tight market conditions while maintaining reliability and reducing the potential for a $0/MW-day penalty rate.[145]

57. PJM explains that it proposes to use the CT Reference Resource for the 2026/2027 and 2027/2028 delivery years as a short-term solution to address volatility in the market.[146] PJM states that it is currently engaged with stakeholders in a holistic periodic review of the shape of the VRR Curve and its inputs, pursuant to the Quadrennial Review process set forth in Tariff, Attachment DD, section 5.10(a) and intends to file proposed Tariff changes in the third quarter of 2025 to be effective starting with the 2028/2029 delivery year.

58. PJM explains that the Reference Resource is intended to represent the technology that a developer is likely to build when the PJM market falls short of capacity.[147] PJM states that in its 2022 Quadrennial Review filing, PJM proposed moving to a CC-based VRR Curve to reduce the potential for over-procurement while only modestly increasing expected year-over-year capacity price volatility.[148] PJM notes that the Commission accepted PJM's proposal, finding that a CC-based VRR Curve would produce accurate market signals to encourage appropriate capacity investment and achieve an adequate level of reliability.[149] However, PJM explains that the PJM region now faces capacity shortfalls, and recent regulatory and state policy developments have made the risk of misestimating EAS revenues more pronounced for a CC-based, rather than CT-based, VRR Curve, given that a CC Reference Resource, which generally serves as baseload, relies more heavily on EAS revenues than CT facilities. The 2022 Quadrennial Review, PJM asserts, did not contemplate current conditions in PJM—a rapidly tightening supply-demand balance, a short forward period for capacity auctions, and barriers to timely supply side response—or the higher-than-anticipated possibility that capacity auction prices could be at or near the price cap for multiple years in a row.[150] PJM asserts that these factors could produce more "concentrated compensation" than the curve was

---

[145] *Id.* at 10 (citing Graf/Marzewski Aff. ¶ 97).

[146] *Id.* at 37.

[147] *Id.* at 39 (citing *PJM Interconnection, L.L.C.*, 182 FERC ¶ 61,073, at P 36 (2023) (2022 Review Order)).

[148] *Id.* at 40 (citing 2022 Review Order, 182 FERC ¶ 61,073 at P 6, n.15)

[149] *Id.* (citing 2022 Review Order, 182 FERC ¶ 61,073 at P 14).

[150] *Id.* at 40-41 (citing Brattle Aff. ¶ 5).

designed for, at a greater cost to consumers, and with extreme sensitivity of prices to small changes in supply.

59. PJM argues that Commission precedent supports PJM's decision to reevaluate the choice of Reference Resource in response to changing market conditions, given that: (1) PJM has wide latitude to select and review its choice of reference resource;[151] (2) PJM must respond when changes in market conditions impair the VRR Curve's ability to send accurate market signals, encourage an appropriate level of capacity investment, and achieve adequate reliability;[152] and (3) the Commission accepted ISO-NE's similar proposal to revert to a CT plant as a Reference Resource due to changing market conditions and technology.[153]

60. PJM contends that a CT Reference Resource meets the selection criteria that PJM has relied on in the past.[154] First, PJM argues that a CT is feasible to build in the PJM footprint, as evidenced by the fact that there are currently CC and CT units in PJM's interconnection queues and under construction.[155] Second, CT plants are economic, PJM reasons, because they are relatively inexpensive, can be built quickly, and are therefore able to respond quickly to rapid changes in demand.[156] PJM adds that dual-fuel CT plants are also more economic than single-fuel (i.e. natural gas), CT plants with firm fuel contracts, making it more likely that developers will build a dual-fuel CT plant. Third, PJM contends that retaining a CT Reference Resource mitigates against the possibility of inaccurate price signals and therefore restores confidence in the VRR Curves, in part because a CT-based VRR Curve is less likely to give rise to a $0 or near $0 Net

---

[151] *Id.* at 41-42 (citing 2022 Review Order, 182 FERC ¶ 61,073 at PP 36-37; *PJM Interconnection, L.L.C.*, 167 FERC ¶ 61,029, at P 58 (2019) (2018 Review Order); *PJM Interconnection, L.L.C.*, 129 FERC ¶ 61,090, at P 47 (2009); *ISO New England Inc.*, 147 FERC ¶ 61,173, at P 34 (2014), *order on reh'g & clarification*, 150 FERC ¶ 61,065 (2015); *Del. Div. of the Pub. Advoc.*, 3 F.4th at 465).

[152] *Id.* at 42-43 (citing *Del. Div. of the Pub. Advoc.*, 3 F.4th at 467; *PJM Interconnection, L.L.C.*, 171 FERC ¶ 61,040 at P 14).

[153] *Id.* at 41 (citing *ISO New England Inc.*, 161 FERC ¶ 61,035, at P 36 (2017); *ISO New England Inc.*, 170 FERC ¶ 61,052, at P 22 (2020)).

[154] *Id.* at 55.

[155] *Id.* at 56 (citing Graf/Marzewski Aff. ¶ 93).

[156] *Id.* at 57.

CONE.[157] PJM also states that a CT Reference Resource maintains a meaningful Non-Performance Charge rate and increases overall confidence in the accuracy of the VRR Curve. Further, the VRR Curve for a CT Reference Resource is flatter and therefore results in lower prices and decreased volatility in certain circumstances, mitigates against the risk of costs that exceed prices needed to support reliability, and reduces EAS misestimation risk.[158]

2. Responsive Pleadings

61. OPSI, IMM, Ohio FEA, Constellation, P3, LS Power, PIOs, Dominion, Pennsylvania, Vistra, Alpha, and Calpine offer support for PJM's proposal to use the CT Reference Resource.[159] OPSI states that PJM has demonstrated that the CT resource type is feasible to build, economic, and has a Net CONE that can be accurately estimated.[160] OPSI also states that, compared to a CT Reference Resource, using a CC Reference Resource would have the effect of assigning a higher overall cost of capacity to load and lowering the penalty for non-performance from more expensive generation. PIOs state that PJM has adequately supported its proposal, given that it is envisioned only as a temporary measure. PIOs, P3, Ohio FEA, Constellation, and EPSA state that the CT resource will change the curve's slope, which will reduce price volatility and yield a more stable environment for investment.[161] PIOs add that the proposal will reduce the capacity market's maximum possible price.[162] P3, Vistra, Alpha, Calpine, PSEG, Constellation, and EPSA state that PJM's proposal may significantly reduce the possibility of the elimination of penalty risk for non-performance because of a zero

---

[157] *Id.* at 58, 62 (citing Brattle Aff. ¶ 18).

[158] *Id.* at 63.

[159] OPSI Comments at 4; IMM Comments at 2, 19-20; Ohio FEA Comments at 6; Constellation Protest at 12; P3 Comments at 3; LS Power Comments at 17; PIOs Comments at 18; Dominion Comments at 2; Vistra, Alpha, and Calpine Comments at 2. While Pennsylvania supports the proposal, they argue that the changes are insufficient to address the problems with PJM's capacity market. Pennsylvania Comments at 1.

[160] OPSI Comments at 4.

[161] P3 Protest at 4; PIOs Comments at 2; Ohio FEA Comments at 6; EPSA Comments at 5-6; Constellation Protest at 13-14.

[162] PIOs Comments at 2.

Net CONE.[163] Vistra, Alpha, and Calpine agree with PJM's statement that relying on a CT Reference Resource also avoids other "larger reductions to the price cap that could frustrate RPM's goal of providing a degree of long-term stability and would negatively impact reliability."[164]

62. Although IMM supports PJM's proposal to use a CT Reference Resource, IMM disputes some of PJM's supporting arguments.[165] IMM states that the rationale for using a CT resource is to define the missing money from the PJM energy market, and that whether the Reference Resource is currently being built in PJM is not relevant. IMM also states that there is nothing wrong with having a $0 Net CONE value because, in that case, energy market revenues would be enough to cover the costs of capacity resources. Nevertheless, IMM states that it agrees that a $0 Net CONE value for a CC unit is not a logical market signal because CC units depend more on energy market revenues than CT units.[166]

63. JCA supports PJM's proposal, noting that it would reduce price volatility and the market-wide price cap.[167] However, JCA argues that, although the proposed CT-based price cap would be less excessive than (and therefore preferable to) a CC-based price cap, it is still not just and reasonable because either price cap is likely to be set based on a resource's Gross CONE, which would overcompensate suppliers by ignoring EAS revenue.[168] UCS states that "setting Net CONE with EAS revenues that are calculated with the assumption of no increased productivity in cooler weather, and a self-imposed constraint on energy rating of the plant, overstates Net CONE."[169] Pennsylvania contends that, while it generally supports PJM's proposed changes, PJM's proposal is insufficient because it does not address changes to the price cap.[170] IMM similarly states

[163] Vistra, Alpha, and Calpine Comments at 4; PSEG Comments at 5, 17; P3 Comments at 4; EPSA Comments at 5-6; Constellation Protest at 13-14.

[164] Vistra, Alpha, and Calpine Comments at 3 (citing PJM Transmittal at 45).

[165] IMM Comments at 19-20.

[166] *Id.* at 21.

[167] JCA Comments at 9.

[168] *Id.* at 10.

[169] UCS Comments at 12.

[170] Pennsylvania Comments at 1.

that the most significant problem with PJM's proposal is that it does not propose to change the price cap.[171]

64. AMP states that using a CT Reference Resource until the next Quadrennial Review is not unreasonable given the problems that would result from the use of a $0/MW-day Net CONE in the BRA but argues that, at least in some LDAs, a CT may not be an appropriate Reference Resource.[172] Specifically, AMP argues that a CT-based Reference Resource cannot or will not be built in certain LDAs, and therefore, "it is important that the Reference Resource reflect a unit that may actually be built in response to the price signal."[173] PIOs state that, while they do not oppose PJM's proposal given that it applies for the next two auctions, PIOs do not believe the CT resource is reasonable over the long term.[174]

3. Answers

65. PJM states that its proposal to use the CT Reference Resource is supported by a diverse group of entities.[175] PJM states that, while no party opposes PJM's proposal to use the CT Reference Resource, some parties request changes to other aspects of the VRR Curve. PJM argues that such requests are beyond the scope of this proceeding and should be dismissed. In response to PJM's answer, IMM reiterates its continued support for PJM's proposal to use the CT Reference Resource.[176]

4. Commission Determination

66. We accept as just and reasonable PJM's proposal to use a CT Reference Resource through the 2027/2028 delivery year as an interim measure while PJM completes its next Quadrennial Review.[177] The PJM Tariff is not prescriptive with respect to the criteria

---

[171] IMM Comments at 21.

[172] AMP Comments at 14-15.

[173] *Id.* at 15.

[174] PIOs Comments at 2.

[175] PJM Answer at 21.

[176] IMM Answer at 4.

[177] As discussed below, PJM is required to make a clean-up filing to ensure that its tariff records reflect the provisions accepted by the Commission and the correct effective dates of those provisions.

PJM uses to select the Reference Resource.[178] Here, PJM explains that, although its tariff requires it to switch from a CT to a CC Reference Resource beginning with the 2026/2027 delivery year, it now proposes to retain the CT Reference Resource because the conditions that PJM is currently facing, including a much tighter supply-demand balance and higher EAS misestimation risk, were not reflected in the analyses that underpinned the planned switch to a CC Reference Resource.[179] As PJM explains, based on the market conditions studied in the 2022 Quadrennial Review, a CC-based VRR curve would reduce potential for over-procurement, whereas under current market conditions, the PJM region faces potential capacity shortfalls.[180] In light of these changes in market conditions, we find reasonable PJM's proposal to use a CT Reference Resource through the 2027/2028 delivery year rather than switching to a CC Reference Resource.[181]

67. Having found that PJM's proposed use of the CT Reference Resource is just and reasonable, we need not consider alternative proposals regarding the market price cap or the Net CONE calculation.[182]

---

[178] *See, e.g.*, *PJM Interconnection, L.L.C.*, 182 FERC ¶ 61,073, at P 36 (2023) (finding that "there are no specific criteria in the PJM Tariff that define the characteristics of the Reference Resource" and that the Reference Resource "is intended to represent the technology that a developer is likely to build when the PJM market falls short of capacity"); *PJM Interconnection, L.L.C.*, 129 FERC ¶ 61,090 at P 47 ("PJM is free to review the choice of reference resource for determining CONE and choose another resource if PJM finds that resource more appropriate.").

[179] Transmittal at 40.

[180] *Id.*; *see also* 2022 Review Order, 182 FERC ¶ 61,073 at P 36 (finding that PJM's proposal "serves to limit over-procurement when the market has excess supply of capacity").

[181] *See ISO New England Inc.*, 147 FERC ¶ 61,173 at P 34 (finding that reevaluation of the reference technology "is important, since market activity and technology change over time").

[182] *Cities of Bethany v. FERC*, 727 F.2d at 1136 (the Commission's authority to review rates under the FPA is limited to an inquiry into whether the rates proposed by a utility are reasonable, not whether a proposed rate schedule is more or less reasonable than alternative rate designs). We also recognize PJM's commitment to engage in a holistic review of the VRR Curve and its inputs with stakeholders to propose Tariff revisions to be effective starting with the 2028/2029 delivery year. *See* Transmittal at 10.

D. Establish a Uniform Non-Performance Rate Charge

1. Proposal

68. PJM proposes to establish a uniform Non-Performance Charge rate throughout the PJM region based on the Net CONE at the RTO level.[183] PJM explains that Non-Performance Charge rates are tied to the value of Net Cone of the LDA in which a non-performing or under-performing capacity resource is located. PJM states that current market conditions have given rise to $0 or near-$0 Net CONE values in certain LDAs, which has led to $0 or near-$0 Non-Performance Charge rates, and in turn, resulted in diminishing or erasing the incentive for capacity resources to perform as expected. PJM explains that, while retaining a CT Reference Resource decreases the likelihood of $0 Net CONE values, a $0 Net CONE value may still be possible with a CT Reference Resource. To mitigate against this possibility, PJM proposes using a uniform Non-Performance Charge rate based on Net CONE for the entire PJM Region. PJM states that a uniform Non-Performance Charge rate based on RTO Net CONE diminishes the risk of a $0 Net CONE in one or more LDAs, which supports PJM's efforts to maintain reliability during capacity emergencies.[184] PJM also asserts that its proposal is similar to ISO-NE's practice of applying a uniform pay-for performance charge to all committed resources in ISO-NE's capacity market, regardless of location.[185]

69. PJM further argues that it is reasonable to assess the same Non-Performance Charge rate across the PJM Region because capacity emergencies are not confined to a single LDA. PJM explains that, in 2023, the Commission accepted PJM's proposed revision to the definition of Emergency Action, which triggers PAIs on a regional basis, rather than being declared in limited LDAs.[186] Thus, PJM asserts, it is appropriate to assess the same Non-Performance Charge rate regardless of the impacted LDA in which a resource is located.[187]

---

[183] Transmittal at 69-70.

[184] *Id.* at 71.

[185] *Id.* at 72 (citing *ISO New England Inc.*, 147 FERC ¶ 61,172, at PP 44, 62, 73-74 (2014)).

[186] *Id.* at 70; *see* PAI Trigger Order, 184 FERC ¶ 61,058.

[187] *Id.* at 70-71.

2. Responsive Pleadings

70. Constellation, EPSA, PSEG, Ohio FEA, Pennsylvania, Vistra, Alpha, Calpine, P3, and LS Power explicitly support a uniform Non-Performance Charge Rate based on an RTO Net CONE.[188] P3, PSEG, Vistra, Alpha, and Calpine all comment on how a uniform penalty based on RTO Net CONE will effectively eliminate the possibility that some capacity resources could face no penalty risk and therefore no incentive to perform in a capacity emergency.[189] LS Power states that PJM's proposal would better align financial incentives between resources actually providing capacity.[190]

71. IMM opposes a uniform penalty rate.[191] IMM states that there would be nothing wrong with a zero Net CONE based on a CT Reference Resource because energy market revenues would cover the costs of capacity resources and there is no need for a high penalty. IMM also states that it is illogical to use a single Net CONE value because LMP is locational and nodal by definition.[192] Relatedly, AMP takes issue with the fact that while the Commission has observed that the penalty rate is location-specific, PJM's proposal would mute the location-specific incentives that the penalty rate is intended to provide.[193] According to AMP, however, PJM appears to leave open the possibility that, under its proposal, the RTO Net CONE could be zero. While AMP concedes that such a result may be unlikely, the possibility of such a result raises concerns about the reasonableness of the proposal and highlights longstanding questions about the logic of indexing the Non-Performance Charge Rate to Net CONE.[194] AMP also states that

[188] P3 Comments at 5; Vistra, Alpha, and Calpine Comments at 5; Ohio FEA Comments at 7-8; PSEG Comments at 5, 18; EPSA Comments at 6; Constellation Protest at 15. While Pennsylvania supports the proposal, they argue that the changes are insufficient to address the problems with PJM's capacity market. Pennsylvania at 1.

[189] Vistra, Alpha, and Calpine Comments at 5; PSEG Comments at 5, 18; Constellation Protest at 15.

[190] LS Power Protest at 17.

[191] IMM Comments at 2.

[192] *Id.* at 25.

[193] AMP Comments at 6.

[194] *Id.* at 5-7. AMP argues that the better approach would be to link the Non-Performance Charge Rate to the BRA clearing price in an LDA. *Id.* at 7.

PJM's proposal to index the Non-Performance Charge Rate to Net CONE disregards the much more reasonable approach of tethering the penalty to the BRA clearing price.[195]

3. <u>Answers</u>

72. In response to IMM, PJM states that its proposal to use a uniform penalty rate is consistent with ISO-NE's single non-performance charge across its multi-state footprint despite setting varying capacity prices based on location.[196] PJM also reiterates that a uniform penalty rate avoids the potential hazard of a $0/MW-day penalty. PJM states that IMM's preference for an alternative rate design does not affect the fact that PJM's proposed approach is just and reasonable. In response to PJM's answer, IMM states that, based on the use of a dual fuel CT as the Reference Resource, PJM has not demonstrated that Net CONE could be zero for some (or any) LDAs.[197] IMM contends that, because PJM proposes switching to a CT Reference Resource, a uniform Non-Performance Charge Rate based on RTO Net CONE is not needed or appropriate. IMM further contends that "PJM's proposal to use a non-locational penalty is inconsistent with PJM's continued use of a locational LDA-specific stop loss."[198]

4. <u>Commission Determination</u>

73. We find that PJM's proposal to establish a uniform Non-Performance Charge Rate based on RTO-wide Net CONE is just and reasonable and not unduly discriminatory or preferential. We agree with PJM that its proposed uniform Non-Performance Charge rate recognizes the fact that capacity emergencies often extend beyond a single LDA, particularly given PJM's recently revised definition of Emergency Action, which is structured such that PAIs are triggered across an entire Reserve Zone or Reserve Sub-zone.[199] Moreover, as PJM states, its proposal is consistent with the capacity

---

[195] *Id.* at 7-8.

[196] PJM Answer at 22 (citing *ISO New England, Inc.*, 147 FERC ¶ 61,172; *see also* ISO NE, Transmission, Mkts. & Servs. Tariff, § III (Market Rule 1 – Standard Market Design), § III.13.7 (Performance, Payments and Charges in the FCM) (72.1.0), § III.13.7.2.5 (defining the RTO-wide non-performance charge rate)).

[197] IMM Answer at 4-5.

[198] *Id.* at 5.

[199] *See* PJM, Intra-PJM Tariffs, OATT, Definitions - E - F (38.0.0), Emergency Action (defining Emergency Action to include emergency conditions across the entire Reserve Zone or a Reserve Sub-zone); *see* PAI Trigger Order, 184 FERC ¶ 61,058.

performance construct that the Commission accepted in ISO-NE, which bases its penalty rate on a region-wide cost of new entry.[200]

74. The Commission has acknowledged that "multiple reasonable approaches could exist" with respect to setting the Non-Performance Charge rate.[201] Having found PJM's proposal just and reasonable, we decline to address the proposed alternatives from AMP and IMM.[202]

E. <u>Must Offer Exemptions and Market Power</u>

1. <u>Proposal</u>

75. PJM proposes to codify in the Tariff that being exempt or obtaining an exception from the must-offer requirement is not a defense against claims of market power. Specifically, PJM proposes to add the following language to Tariff, Attachment DD, sections 6.6(g) and 6.6A(c), respectively:

> [N]othing herein provides a defense to a claim of withholding, market manipulation, or the exercise of market power by any entity who is affiliated with or are under common ownership or control of a Capacity Market Seller that does not submit an

[200] *See ISO New England Inc.*, 147 FERC ¶ 61,172 at P 74. ISO-NE's Tariff specifies that the uniform penalty rate across the entire ISO-NE Region is $9,377/MWh for the 2026/2027 delivery year. *See* ISO-NE, Tariff, § III.13.7.2.5.

[201] Capacity Performance Order, 151 FERC ¶ 61,208 at P 161 (Noting that intervenors requested that PJM base the penalty rate on energy prices or actual clearing prices, or some variant thereof, the Commission found that "multiple reasonable approaches could exist" and PJM's Net CONE penalty approach is just and reasonable.); *See also Blumenthal v. FERC*, 552 F.3d 875, 883 (D.C. Cir. 2009) ("The Supreme Court has repeatedly rejected the argument "that there is only one just and reasonable rate possible."); *Petal Gas Storage, LLC v. FERC*, 496 F.3d at 703 ("FERC is not required to choose the best solution, only a reasonable one.").

[202] *Cities of Bethany v. FERC*, 727 F.2d at 1136 (the Commission's authority to review rates under the FPA is limited to an inquiry into whether the rates proposed by a utility are reasonable, not whether a proposed rate schedule is more or less reasonable than alternative rate designs).

> offer for a Generation Capacity Resource that obtains an exception to the capacity must-offer requirement.[203]
>
> and
>
> Notwithstanding the foregoing, nothing herein provides a defense to a claim of withholding, market manipulation, or the exercise of market power by any entity who is affiliated with or are under common ownership or control of a Capacity Market Seller that does not offer Intermittent Resources, Capacity Storage Resources, Hybrid Resources consisting exclusively of components that in isolation would be Intermittent Resources or Capacity Storage Resources, or Demand Resources into a Reliability Pricing Model Auction.[204]

76. Additionally, PJM proposes that the Tariff specify that there is no safe harbor for asset or commercial managers that exercise influence over the decision to submit a sell offer for a capacity resource that is not subject to the capacity must-offer requirement.[205]

77. PJM states that its proposal does not provide for any new rights or obligations and does not alter the existing law related to market power determinations; rather, PJM states that the proposal simply prevents misconceptions and uncertainty.[206] PJM also states that its proposal is consistent with Commission precedent.[207]

---

[203] PJM, Intra-PJM Tariffs, attach. DD, § 6.6 (3.0.0), § 6.6(g).

[204] *Id.* § 6.6A(c).

[205] Transmittal at 77.

[206] *Id.* at 78.

[207] *Id.* at 77 (citing *Pub. Citizen, Inc. v. Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,018, at P 38 (2024) ("The Commission and courts have repeatedly rejected claims that the Anti-Manipulation Rule fails to provide adequate notice that specific conduct might constitute manipulation."). PJM also argues that its proposal enshrines an idea consistent with the Commission's findings that, "tariffs cannot be written to prohibit all possible fraudulent behavior as '[t]he methods and techniques of manipulation are limited only by the ingenuity of man.'" *Id.* at 11.

2. **Responsive Pleadings**

78. OPSI supports PJM's proposal.[208] IMM, LS Power, Vitol, VC Renewables, and Enerwise Global Technologies, LLC d/b/a CPower (CPower) argue that PJM's proposal is unjust and reasonable.[209] LS Power states that PJM's proposal goes beyond merely clarifying that a must-offer exception does not create a safe harbor; instead, LS Power states that PJM's proposal suggests that a seller has the burden of justifying any decision "not [to] submit an offer" or "not offer" their resources, implying that any such decision in and of itself constitutes an attempt to engage in withholding, market manipulation, or the exercise of market power.[210] Vitol and VC Renewables raise similar burden-shifting arguments.[211]

79. CPower contends that PJM's proposal seeks to limit or preempt the Commission's decision-making power by asking the Commission now to determine that in every future situation, regardless of the facts and circumstances, the existence of an exemption from the must-offer obligation will not be a defense to a challenge to the level or price of capacity offered by an exempt entity. CPower states that courts and the Commission should have the opportunity to decide if the affirmative defense raised by the defendant or respondent should be upheld as justifying the challenged behavior. CPower states that PJM's proposal is at odds with how the Commission has treated market participants' actions pursuant to Commission-approved tariffs. CPower states that the Commission has previously determined that if a market participant undertakes an action that is contemplated in Commission-approved rules, the Commission will presume the market participant is not in violation of the Commission's regulations.[212] CPower states that the Commission has stated that it "will evaluate all of the facts and circumstances of an allegation of market-manipulation before deciding how to proceed" and has not restricted affirmative defenses available to an entity.[213] CPower further states that PJM's proposal would impose increased risks on Demand Resources' participation in the capacity

---

[208] OPSI Comments at 4-5.

[209] Vitol and VC Renewables Protest at 6; LS Power Protest at 11; CPower Protest at 8.

[210] LS Power Protest at 5.

[211] Vitol and VC Renewables Protest at 5.

[212] CPower Protest at 9-10 (citing *Investigation of Terms & Conditions of Pub. Util. Market-Based Rate Authorizations*, 114 FERC ¶ 61,165, at P 27 (2006) (MBR Investigation Order)).

[213] *Id.* at 10 (citing MBR Investigation Order, 114 FERC ¶ 61,165 at P 27).

market, given that "developing offers for Demand Resources is an art versus a science."[214] CPower therefore argues that PJM's proposal would be counterproductive to the goal of encouraging and increasing capacity market participation by Demand Resources.[215]

80. CPower also argues that PJM's proposal is convoluted and vague.[216] Vitol and VC Renewables contend that PJM's proposed language is unjust and unreasonable because it introduces ambiguity as to what is meant by the term "defense."[217] Vitol and VC Renewables also state that if a resource is reasonably expected to be physically incapable of satisfying a capacity commitment then that determination should be sufficient for an exception to the must-offer rule, and PJM's proposal creates uncertainty as to whether a market participant can rely on that exception.[218]

81. LS Power, Vitol, and VC Renewables also state that the revisions are unnecessary because there is already a framework under the FPA and the Commission's regulations to both investigate and determine whether market manipulation has occurred.[219] Shell and CPower add that there is no evidence that PJM's proposed revisions are needed, and CPower states that PJM has not justified its proposal.[220] IMM states that, while it agrees with PJM's statements and the intent of PJM's proposal, the Commission's market behavior rules make the proposed language superfluous and that the proposal is unhelpful and should be rejected.[221] Moreover, IMM states that PJM's proposed language raises the risk that market participants will argue that the failure to add the proposed language elsewhere in the Tariff means that it does not apply in other instances.

82. LS Power also contends that PJM's proposal may conflict with Attachment M-Appendix because Attachment M-Appendix requires IMM to analyze the effects of a proposed deactivation with regard to market power issues. LS Power also asserts that

---

[214] *Id*. at 4.

[215] *Id.* at 14-15; LS Power Protest at 4.

[216] CPower Protest at 17.

[217] Vitol and VC Renewables Protest at 8.

[218] *Id.* at 6-7.

[219] *Id.* at 9; LS Power Protest at 4.

[220] Shell Protest at 4; CPower Protest at 16.

[221] IMM Comments at 3, 25-26 (citing 18 C.F.R. § 25.41).

PJM's proposal suggests that IMM's market power determination is not determinative because there is no safe harbor from a market power claim.[222]

83. P3 argues that PJM's proposed changes are more appropriately addressed in Docket No. ER25-785, where PJM made an FPA section 205 filing to eliminate the must-offer obligation for all capacity resources except Demand Response.[223] P3 and CPower state that in Docket No. ER25-785, PJM has proposed to clean up its proposed language if the Commission accepts both filings.[224] CPower argues that if PJM does not get rid of the must-offer clarification language, as it agreed to do if the Commission accepts its filing in Docket No. ER25-785, the Commission should reject the instant filing.[225] Vitol and VC Renewables argue that PJM's proposed revisions to section 6.6(A)(c) in Docket No. ER25-785 render moot PJM's proposed revisions in the instant proceeding.[226]

84. P3, LS Power, and CPower point out that PJM's filing letter and proposed Tariff language are inconsistent because the former references asset managers or commercial managers, and the latter does not.[227]

3. <u>Answers</u>

85. PJM reiterates that its proposed revisions are consistent with Commission precedent and reflect no substantive change to existing law.[228] PJM states that, contrary to protesters' claims, PJM's proposal does not shift the burden of proof. PJM states that its proposed language neither forbids entities from providing evidence of an existing exception or exemption to the must-offer requirement nor prohibits such to be considered as part of a commercially reasonable business justification for physically withholding capacity.[229] New Jersey Commission similarly states that PJM's proposed language does not alter the evidentiary standards or procedures for evaluating claims of market

---

[222] *Id.* at 6.

[223] P3 Protest at 12.

[224] CPower Protest at 2, 17; P3 Protest at 13.

[225] CPower Protest at 2-3.

[226] Vitol and VC Renewables Protest at 11.

[227] LS Power Protest at 7; P3 Protest at 13-14; CPower Protest at 18.

[228] PJM Answer at 24.

[229] *Id.* at 27.

manipulation.[230] PJM and the New Jersey Commission state that PJM's proposed language simply makes clear that if a market participant is questioned about not offering a capacity resource in the capacity auction, the market participant would need to explain the rationale for its decision to not offer the subject resource, and cannot point to the must-offer exemption or exception as the sole rationale.[231] PJM further states that its proposed language neither limits nor restricts the Commission or courts from considering the exemption or exception to the must-offer requirement when evaluating a claim of withholding, market manipulation, or the exercise of market power.

86. PJM states that protesters' arguments demonstrate the need for PJM to provide clarification in its Tariff.[232] New Jersey Commission likewise states that PJM's proposal is necessary to raise awareness among market participants that claims of market manipulation are not confined to Tariff violations.[233] Moreover, New Jersey Commission states that the need for PJM's clarification is underscored by evidence provided in Docket No. ER25-785, where PJM detailed concerns about capacity withholding under the must-offer exceptions.[234]

87. PJM disagrees with LS Power's claim that the proposed language would conflict with Attachment M-Appendix.[235] PJM avers that its proposal to add a non-operative statement to the Tariff in no way alters IMM's duty to continue to provide such analysis, nor the determinative effect of such analysis. PJM further states that, under the current and proposed rules for must-offer exception requests, IMM's market power review is limited only to requests for exceptions to the must-offer requirement due to deactivation.[236] PJM states that the misconceptions about the extent of IMM's review

[230] New Jersey Commission Answer at 11.

[231] *Id.* at 11; PJM Answer at 27.

[232] PJM Answer at 23.

[233] New Jersey Commission Answer at 10.

[234] *Id.* (citing PJM Interconnection, L.L.C., Extending Capacity Must-Offer Requirement to All Generation Capacity Resources, Docket No. ER25-785, attach. C (Affidavit of Dr. Walter Graf), at P 11 (Dec. 20, 2024), ("[a]pproximately 1,600 megawatts ('MW') Unforced Capacity ('UCAP') of categorically exempt generation resources were not offered [in the 2025/2026 BRA], of which 1,100 MW UCAP were wind, solar, and battery resources.").

[235] PJM Answer at 28.

[236] *Id.* at 28-29.

aptly demonstrate why PJM's proposed clarification is necessary. PJM states that the current lack of market power review for must-offer exception requests due to reasons other than deactivation (for example, when resources are being sold off system) could create a problem from a resource adequacy perspective, as a resource that receives an exception due to an external sales commitment could be used to exercise market power without receiving the same review from IMM.[237] Accordingly, PJM contends, it is important that an exception to the must-offer requirement does not produce market withholding concerns due to an incorrect perceived affirmative defense against claims of withholding, market manipulation, or the exercise of market power.

88. In response to protests regarding the overlap between the instant filing and PJM's proposal in Docket No. ER25-785, PJM states that its proposal in Docket No. ER25-785 to remove the must-offer exemption does not affect PJM's instant proposal in this proceeding, as each filing has independent and non-overlapping changes.[238] PJM reiterates that it consents to a clean-up compliance filing should the Commission accept both proposals. In response to protesters' concerns regarding whether PJM's proposal includes language pertaining to asset or commercial managers, PJM clarifies that it inadvertently included an error in its transmittal. PJM states that its proposal—as correctly reflected in its eTariff filing and in the redline Tariff records—does not extend to asset or commercial managers.[239]

89. PJM also states that, while its proposal is just and reasonable, PJM consents to the Commission's severing of the proposed Tariff changes to sections 6.6(g) and 6.6A(c) from PJM's other market rules changes proposed in this proceeding given the importance of the other market rule changes PJM is proposing in the instant filing.[240] In response to PJM's answer, IMM states that its preference is that each element of PJM's proposal be evaluated separately, otherwise all elements should be evaluated together.[241]

---

[237] *Id.* at 28 (citing PJM, Intra-PJM Tariffs, attach. DD, § 6.6 (2.0.0), § 6.6(g) ("However, generation resource may qualify for an exception to the RPM must-offer requirement, as shown by appropriate documentation, if the Capacity Market Seller … (ii) has a financially and physically firm commitment to an external sale of its capacity")).

[238] *Id.* at 25.

[239] *Id.* at 29.

[240] *Id.* at 23.

[241] IMM Answer at 5.

4. **Commission Determination**

90. We find that PJM's proposed Tariff language on exceptions or exemptions to the must-offer requirement is just and reasonable, as it provides clarity to market participants with must-offer exceptions or exemptions. As the Commission has repeatedly held, "[a]n entity need not violate a tariff, rule or regulation to commit fraud" and "tariffs cannot be written to prohibit all possible fraudulent behavior as '[t]he methods and techniques of manipulation are limited only by the ingenuity of man.'"[242] Although protesters assert that PJM's proposed Tariff language is unnecessary given Commission precedent that compliance with an RTO/ISO tariff does not shield a market participant from claims of engaging in market manipulation or exercising market power, this filing only makes that position clear in the Tariff. Here, PJM's proposal accurately states that an exception or exemption does not provide a defense to potential claims of withholding, market manipulation, or the exercise of market power. PJM's proposed language does not prohibit or limit an entity from providing evidence of the facts and circumstances relevant to defending against market power claims.

91. We do not agree with protesters' contention that the Tariff language shifts the burden to sellers to justify their decision not to submit an offer or creates a presumption of improper behavior. Nothing in PJM's proposed Tariff language references burdens or presumptions. We also disagree with LS Power that PJM's proposal conflicts with Attachment M-Appendix. Attachment M-Appendix provides that IMM "shall analyze the effects of [a] proposed deactivation with regard to potential market power issues and shall notify the Office of the Interconnection and the generator owner (or, if applicable, its designated agent) if a market power issue has been identified."[243] The fact that PJM's proposed Tariff language clarifies that a resource seeking to deactivate does not have a safe harbor from market power claims does not interfere with IMM's ability to make that determination.

92. We disagree with Vitol and VC Renewables' contention that PJM's proposed revisions to section 6.6(A)(c) in Docket No. ER25-785 render moot PJM's proposed revisions in the instant proceeding. The revisions proposed in Docket No. ER25-785 to remove the categorical exemption from the capacity must-offer requirement for Intermittent Resources, Capacity Storage Resources, and Hybrid Resources, while maintaining the categorical exemption for Demand Resources, do not relate to market power allegations and, therefore, do not moot this filing. We agree with PJM that the two proposals are independent of each other and do not contain overlapping changes.

---

[242] *Powhatan Energy Fund, LLC*, 151 FERC ¶ 61,179, at P 120 (2015).

[243] *See* PJM, Intra-PJM Tariffs, Attachment M-Appendix (26.0.0).

However, we recognize PJM's commitment to reconcile its accepted Tariff provisions through clean-up filings.

93. We dismiss as moot protesters' arguments regarding the application of PJM's proposed language to asset and commercial managers. PJM clarifies in its answer that the inclusion of that language was an inadvertent error in its transmittal letter.[244] PJM states that its proposal—as correctly reflected in its eTariff filing and in the redline Tariff records—does not extend to asset or commercial managers.[245]

F. Other Issues

1. Reactive Power Revenues

94. PJM states that, pursuant to Order No. 904, it proposes to remove the addition of $2,546/MW-year in reactive service revenues from the calculation of the net EAS Offset used to determine the Net CONE of the Reference Resource for the 2026/2027 BRA, meaning that reactive service revenues would only be included in the calculation of the net EAS Offset through the 2025/2026 delivery year.[246] Further, for generation capacity resources subject to the provisions of the Minimum Offer Price Rule (MOPR), which are required to have an offer price no lower than the applicable MOPR floor offer price, PJM proposes to exclude reactive service revenues or ancillary service revenues (which PJM states consist entirely of expected reactive service revenues) from the net EAS revenue estimate component of default New Entry MOPR floor offer prices.[247]

95. PJM proposes to include reactive power revenue in the net EAS Offset through the 2025/2026 delivery year because reactive revenues have already been included in avoidable cost calculations associated with the 2025/2026 BRA.[248]

---

[244] PJM Answer at 29.

[245] *Id.*

[246] Transmittal at 82 (citing PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.10 (26.1.0), § 5.10(a)(v-1)(A)).

[247] *Id.* at 83.

[248] PJM states that its subsequent compliance filing "will propose that the Commission permit reactive charges for generators in PJM with existing, effective Commission-approved revenue requirements and interconnection agreements through May 31, 2026, to align with the end of the 2025/2026 delivery year." *Id.* at 84.

96. Dominion supports PJM's proposal.[249] P3 states that, while it disagrees with the Commission's decision in Order No. 904, it supports PJM's proposed reactive power Tariff revisions given the current legal posture of reactive power supply in the PJM region.[250]

97. We find that PJM's reactive power proposal is just and reasonable because it is consistent with the requirements of Order No. 904. Specifically, after the 2025/2026 delivery year, PJM's proposal removes reactive service revenues from the calculation of the net EAS Offset and the net EAS revenue estimate component of default New Entry MOPR floor offer prices, consistent with the Commission's finding in Order No. 904 that "transmission rates are unjust and unreasonable to the extent they include charges associated with the provision of reactive power within the standard power factor range."[251]

2. <u>RPM Auction Dates</u>

98. PJM states that on November 18, 2024, the Commission granted PJM's request to delay the BRAs associated with the 2026/2027 through 2029/2030 delivery years to allow for appropriate consideration of the proposed market changes contained within the instant filing and to allow for the orderly conduct of the upcoming BRA. While PJM requested that the upcoming BRA be delayed by approximately six additional months in the requested waiver, PJM is proposing to update the Tariff to make it clear that the 2026/2027 Base Residual Auction will commence in July 2025 to provide maximum notice to all market participants.[252]

99. We accept PJM's proposal to memorialize the delayed auction schedules in Tariff, Attachment DD, section 5.4(a). PJM's Tariff amendments are uncontested and provide additional clarity to market participants as to the BRA timelines.

---

[249] Dominion Comments at 4.

[250] P3 Protest at 14-15.

[251] Order No. 904, 189 FERC ¶ 61,034 at P 51. The Commission provided flexibility to RTOs/ISOs to accommodate potential FPA section 205 filings to accompany any final rule compliance filings, "such as PJM's adjustments to market rules to remove the offset in auction parameters." *Id.* P 225.

[252] Transmittal at 79.

3. **<u>Clean-Up Filing</u>**

100. PJM has a number of overlapping Tariff provisions related to this filing, including pending filings. For example, OATT Definitions – R – S (40.0.1) has several pending revisions in filings before the Commission and a number of accepted tariff provisions for future periods. PJM is required to make a compliance filing within 15 days of this order to reconcile these filings. Again, we remind PJM that to avoid this overlap, PJM should consider breaking its tariff into smaller divisions.[253]

<u>The Commission orders</u>:

(A) PJM's proposed Tariff revisions are hereby accepted, effective February 18, 2025, subject to PJM submitting a compliance filing, as discussed in the body of this order.

(B) PJM is hereby directed to submit a compliance filing within 15 days of the date of this order, as discussed in the body of this order.

(C) PJM is required to submit a clean-up filing within 15 days of this order to ensure that its Tariff reflects the correct effective dates for Tariff provisions.

By the Commission. Commissioner See is not participating.
Commissioner Chang is not participating.

(S E A L)

Debbie-Anne A. Reese,
Secretary.

---

[253] *See Lackawanna Energy Ctr. LLC*, 187 FERC ¶ 61,089, at P 54 n.117 (2024).

Appendix

List of Intervenors

*Filed comments or protests

AES Clean Energy Development, LLC
American Clean Power Association
American Electric Power Service Corporation
American Municipal Power, Inc. (AMP)*
Avangrid Renewables, LLC
Boston Energy Trading and Marketing, LLC
Brookfield Renewable Trading and Marketing LP
Buckeye Power, Inc.
Calpine Corporation (Calpine)*
Constellation Energy Generation, LLC (Constellation)*
Cordelio Services LLC
Crete Energy Venture, LLC and Lincoln Generating Facility, LLC
District of Columbia Office of the People's Counsel
Dominion Energy Services, Inc. (Dominion)*
Duke Energy Corporation[254]
Duquesne Light Company (Duquesne)*
East Kentucky Power Cooperative, Inc.
Easton Utilities Commission
EDF Renewables, Inc.
EDP Renewables North America LLC
Electric Power Supply Association (EPSA)*
Enel X North America, Inc.
Exelon Corporation
FirstEnergy Service Company[255] (FirstEnergy)*

[254] Duke Energy Corporation states that it moves to intervene on behalf of its franchised public utility affiliates, Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Duke Energy Indiana, LLC, Duke Energy Carolinas, LLC, Duke Energy Progress, LLC and Duke Energy Business Services, LLC.

[255] FirstEnergy Service Company submitted a motion to intervene as agent for its franchised public utility affiliates Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company, Pennsylvania Power Company, Pennsylvania Electric Company, Metropolitan Edison Company, West Penn Power Company, Jersey Central Power & Light Company, Monongahela Power Company, and Potomac Edison Company.

Governor Josh Shapiro and the Commonwealth of Pennsylvania (Pennsylvania)*
Illinois Attorney General's Office
Illinois Citizens Utility Board
Illinois Commerce Commission
Illinois Municipal Electric Agency
Indiana Office of Utility Consumer Counselor
Invenergy Thermal Development LLC
Lightsource Renewable Energy Operations, LLC
LS Power Development, LLC (LS Power)*
Maryland Public Service Commission (Maryland Commission)
Maryland Office of People's Counsel
Mid-Atlantic Renewable Energy Coalition
Monitoring Analytics, LLC acting in its capacity as Independent Market Monitor for PJM (IMM)*
National Hydropower Association
Natural Resource Defense Council*
New Jersey Board of Public Utilities (New Jersey Commission)*
New Jersey Division of Rate Counsel
Newark Energy Center, LLC
NextEra Energy Resources, LLC
North Carolina Electric Membership Corporation
Northern Virginia Electric Cooperative, Inc.
Office of the Ohio Consumers' Counsel
Old Dominion Electric Cooperative (ODEC)*
Onward Energy Holdings, LLC
Organization of PJM States, Inc. (OPSI)*
PJM Industrial Customer Coalition
PJM Power Providers Group (P3)*
PPL Electric Utilities Corporation (PPL)*
Public Citizen, Inc*
Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Energy Resources & Trade LLC (PSEG Companies)*
Public Utilities Commission of Ohio's Office of the Federal Energy Advocate (Ohio FEA)*
REV Renewables, LLC
Rockland Electric Company
RWE Clean Energy
Shell Energy North America (US), L.P. (Shell)*
Sierra Club*
Solar Energy Industries Association

Southern Maryland Electric Cooperative, Inc.
Sustainable FERC Project*
Talen Energy Corporation (Talen)
Union of Concerned Scientists*
VC Renewables LLC (VC Renewables)*
Vitol Inc., Vitol Solar I LLC, and Vitol Wind I LLC (Vitol)*

Document Content(s)