192 FERC ¶ 61,137
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

PJM Interconnection, L.L.C. Docket Nos. ER25-1128-000
ER25-1128-001

ORDER REJECTING TARIFF REVISIONS

(Issued August 8, 2025)

1. On January 31, 2025, pursuant to section 205 of the Federal Power Act (FPA)[1] and part 35 of the Commission's regulations,[2] PJM Interconnection, L.L.C. (PJM) filed proposed revisions to Part VIII of PJM's Open Access Transmission Tariff (Tariff)[3] to revise the process for transferring Capacity Interconnection Rights (CIR) from deactivating generation resources to new replacement resources (a Replacement Generation Resource). In this order, we reject PJM's proposed Tariff revisions without prejudice, as discussed below.

I. Background

2. PJM's Tariff provides that CIRs are "the rights to input generation as a Generation Capacity Resource into the Transmission System at the Point of Interconnection where the generating facilities connect to the Transmission System."[4] Generation resources accredited as deliverable under the Reliability Assurance Agreement Among Load Serving

[1] 16 U.S.C. § 824d.

[2] 18 C.F.R. pt. 35 (2024).

[3] The Appendix lists the tariff records. Capitalized terms used but not otherwise defined in this order have the meanings ascribed to them in the Tariff.

[4] PJM, Intra-PJM Tariffs, OATT, § I.1 C-D, OATT Definitions (44.0.0) (defining Capacity Interconnection Rights).

Entities in the PJM Region (RAA) are awarded CIRs commensurate with the size in megawatts of the generation as identified in the Generation Interconnection Agreement (GIA).[5]

3. PJM's existing CIR rules, which apply to interconnection requests submitted on or after October 1, 2021,[6] state that in the event of Deactivation of a Generation Capacity Resource, or removal of Capacity Resource status, any CIRs associated with such Generating Facility terminate one year from the Deactivation Date unless the holder of such rights (including any holder that acquired the rights after Deactivation or removal of Capacity Resource status) has submitted a completed Generation Interconnection Request within this one year after the Deactivation Date.[7] The Tariff provides that if the interconnection request to which the CIRs are transferred is later terminated and/or withdrawn, the CIRs terminate one year after either the Deactivation or the Capacity Resource status change of the original generator.[8] The Tariff provides that CIRs may be sold or otherwise transferred to a third party under transfer and notice procedures set by PJM.[9] A Generation Project Developer must submit any claim for CIRs from deactivating units concurrently with its Application for Interconnection Service, and may include a request to increase CIRs in addition to the replacement of the previously deactivated amount. The Tariff specifies that PJM may perform thermal, short circuit, and/or stability studies, as necessary and in accordance with the PJM Manuals, due to any changes in the electrical characteristics of any newly proposed equipment, or where there is a change in Point of Interconnection, which may result in the loss of a portion of all the CIRs as determined by such studies.[10]

4. PJM currently considers CIR transfers and corresponding Applications for Interconnection Service in its standard interconnection queue procedures. In 2022, the Commission accepted PJM's proposal to move from a serial first-come, first-served interconnection queue process to a first-ready, first-served clustered cycle approach that groups projects in three-phase cluster cycles for purposes of studying and allocating costs.[11] PJM's current standard interconnection process uses a single application and

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[5] *Id.* Part VIII.E 426 Capacity Interconnection Rights (0.1.0), § 426B.

[6] *Id.* Part VIII.A 401 Applications for Cycle Process Intro (2.0.0).

[7] *Id.* Part VIII.E 426 Capacity Interconnection Rights (0.1.0), §§ 426C.2-4.

[8] *Id.* § 426C.3 (Replacement of Generation).

[9] *Id*. § 426C.4 (Transfer of Capacity Interconnection Rights).

[10] *Id.* § 426C.3.

[11] *PJM Interconnection, L.L.C.*, 181 FERC ¶ 61,162 (2022) (accepting PJM's Tariff revisions to reform its interconnection process), *reh'g denied*, 184 FERC ¶ 61,006

study process that includes three phases and three decision points to evaluate New Service Requests on a cluster basis.[12] The current rules include transition period rules, in Part VII of the PJM Tariff, and rules that would apply after the transition period, in Part VIII of the PJM Tariff. On July 10, 2023, PJM began the transition period, during which PJM plans to finish clearing the backlog of pending new service requests from the prior serial interconnection process using the new clustered cycle approach.[13] All applications submitted in queue window AH2 (which ran from October 1, 2021, through March 31, 2022) and after will proceed under the new rules as Cycle #1.

II. PJM Filing

5. PJM proposes to add a new Subpart J, "Replacement Generation Interconnection Service," to Part VIII of its Tariff, which would establish a separate but parallel interconnection queue and process for Replacement Generation Interconnection Service Requests. PJM explains that its proposed Tariff revisions are designed to expedite and enhance the transfer of CIRs from deactivating generation resources to Replacement Generation Resources.[14] PJM states that its filing is part of its efforts to expedite resource interconnection to address an identified resource adequacy need in the 2030/2031 Delivery Year, when load growth and generator retirements are expected to outstrip installed Capacity in the PJM Region, including new entry of Capacity.[15] PJM notes that the Commission has recognized that interconnection generator replacement processes can yield numerous benefits, including reducing barriers to efficient use of existing interconnection capability, promoting timely replacements and fostering development of economic generation, creating cost savings for customers by reducing study and construction costs, and reducing interconnection-related uncertainty.[16] PJM argues that its proposed Replacement Generation Interconnection Service Request process is consistent with open access, non-discrimination principles and with generator

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(2023), *Hecate Energy LLC v. FERC*, petition for review dismissed, No. 23-1089, 2025 WL 249062, at *2 (D.C. Cir. 2025).

[12] PJM, Intra-PJM Tariffs, OATT Part VIII.C.

[13] *PJM Interconnection, L.L.C.*, Notice of Occurrence of Transition Date of PJM Interconnection, L.L.C., Docket Nos. ER22-2110-000, -001 (July 11, 2023).

[14] Transmittal at 7.

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

[16] *Id.* at 9-10.

replacement processes the Commission has approved for other regional transmission organizations (RTO) and non-RTO transmission providers.[17]

6. PJM also proposes to add a new Subpart N, "Form of Replacement Generation Interconnection Study Agreement,"[18] to Part IX of its Tariff, which would establish a *pro forma* agreement for studying generator replacements. PJM also proposes to add to Part VIII of the Tariff several newly defined terms associated with Replacement Generation Interconnection Service.[19] PJM lastly proposes revisions to existing Tariff Part VIII, Subpart E, section 426 "Capacity Interconnection Rights" to reflect the proposed addition of the parallel Replace Generation Interconnection Service Request rules[20] and Part VIII, Subpart E, section 432 "Transmission Provider Website Postings" which specifies the information that PJM will post on its website with regard to Replacement Generation Project Developers.[21]

7. Regarding eligibility, PJM explains that Replacement Generation Interconnection Service Requests may be made by an existing Project Developer whose Generating

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[17] Transmittal at 11 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 167 FERC ¶ 61,146, at PP 61-62 (2019) (*MISO*); *Sw. Power Pool, Inc.*, 171 FERC ¶ 61,270, at PP 13-15 (2020) (*SPP*); *Dominion Energy S.C., Inc.*, 173 FERC ¶ 61,171, at PP 24-25 (2020); *Pub. Serv. Co. of Colo.*, 175 FERC ¶ 61,100, at P 15 (2021); *Duke Energy Carolinas, LLC*, 180 FERC ¶ 61,156, at P 18 (2022); *PacifiCorp*, 182 FERC ¶ 61,003, at P 55 (2023); *Ariz. Pub. Serv. Co.*, 184 FERC ¶ 61,011, at P 38 (2023); *Indianapolis Power & Light Co.*, 175 FERC ¶ 61,106, at P 24 (2021) (*IPL*); *Vistra Corp.*, 181 FERC ¶ 61,113, at P 13 (2022)).

[18] PJM, Intra-PJM Tariffs, OATT Part IX.N Form of Replacement Generation Interconnection Study Agreement (0.0.0).

[19] *See Id.* Part VIII.A 400 Definitions (0.1.0). These newly defined terms include Replacement Generation Project Developer, Replacement Generation Interconnection Service Request, Replacement Generation Interconnection Service, Replacement Generation Interconnection Study Agreement, Replacement Generation Interconnection Request Number, and Replacement Generation Resource.

[20] *Id.* Part VIII.E 426 Capacity Interconnection Rights (0.1.0).

[21] *Id.* Part VIII.E 432 Transmission Provider Website Postings (0.1.0). This information includes the request number, application date, maximum facility output and CIRs, location by state and transmission zone, the substation, the Deactivating Generating Facility from which CIRs are being claimed, the anticipated Deactivation Date of the deactivating Generating Facility, the projected in-service date and fuel type of the Replacement Generation Resource, and the availability of any relevant studies.

Facility is already interconnected and is being or has been deactivated, or one of its affiliates, or by an unaffiliated Replacement Generation Project Developer.[22] PJM states that all types of resources are eligible to receive CIRs transferred from deactivating facilities as long as the Replacement Generation Resource is interconnecting at the same Point of Interconnection as the deactivating resource.[23]

8. PJM's Proposed Tariff also specifies the procedures and requirements for Applications for Replacement Generation Interconnection Service.[24] The Proposed Tariff includes a set of restrictions that limit the ability for the Replacement Generation Project Developer to reduce the MW value of its CIRs, change the fuel type, or otherwise reconfigure the proposed facility once the Replacement Generation Interconnection Study commences.[25] The Proposed Tariff requires that the Replacement Generation Interconnection Service Request must be submitted prior to the expiration of the CIRs one year after the Deactivation Date.[26]

9. PJM states that a Replacement Generation Interconnection Study would consist of an impact study to determine if interconnection of the proposed Replacement Generation Resource would cause any thermal/voltage, stability, or short circuit planning criteria violations and a facilities study performed by the relevant Transmission Owner.[27] PJM estimates that these studies will take approximately 180 days.[28] The Proposed Tariff states that if PJM determines that interconnection of a Replacement Generation Resource will cause a Material Adverse Impact to the transmission system, the Replacement Generation Project Developer will be given an opportunity to amend the proposed Replacement Generation Resource to eliminate the Material Adverse Impact.[29]

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[22] *Id.* Part VIII.J 437 Replacement Generation Interconnection (0.0.0), § 437A.

[23] *Id.* § 437A.2; Transmittal at 7-8; Franks Aff. ¶ 9.

[24] *Id.* § 437B.

[25] *Id.*

[26] *Id.* § 437A.3.

[27] Franks Aff. ¶ 20.

[28] PJM, Intra-PJM Tariffs, OATT Part VIII.J 437 Replacement Generation Interconnection (0.0.0), § 437C.1.c.

[29] *Id.* § 437C.1.d.

10. Proposed Tariff, Part VIII, Subpart J, section 437(C)(1)(e) states that cost responsibility for Network Upgrades will be based on the "first to cause" rule, under which a Replacement Generation Interconnection Service Request first to cause a constraint will be responsible for addressing the constraint and responsible for 100% of any associated Network Upgrade costs. After the study process, PJM proposes to provide a Replacement Generation Project Developer a Replacement Generation Interconnection Study report along with a draft GIA, which is subject to the same negotiation rules, execution deadlines, and milestone requirements that apply under the standard interconnection process.[30]

11. PJM also proposes to revise the Tariff provisions that address CIRs to reflect the proposed Replacement Generation Interconnection Service process.[31] PJM states that if a Replacement Generation Interconnection Study is not completed within the study timeframe provided in the Proposed Tariff,[32] or the Replacement Generation Interconnection Service Request is deemed to be withdrawn and an application is submitted for that project in the Cycle Process, the Replacement Generation Project Developer shall retain the pertinent CIRs after the end of the one-year period from the Deactivation Date, for so long as it has a valid Replacement Generation Interconnection Service Request or New Service Request that is still being considered by PJM, and until a GIA setting forth those CIRs is effective.[33]

12. Regarding a timeline for commercial operation, PJM states that Replacement Generation Resources must have a Commercial Operation Date that is no later than the latter of three years after the actual deactivation date of the deactivating Generating Facility or the date the Replacement Generation Project Developer executes its GIA or requests that the GIA be filed unexecuted.[34] The Proposed Tariff specifies that a Replacement Generation Resource may not begin commercial operation prior to the actual Deactivation Date of the deactivating Generating Facility.[35]

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[30] *Id.* §§ 437C.1.f.-g.

[31] *Id.* Part VIII.E 426 Capacity Interconnection Rights (0.1.0), § 426.3; *see* Franks Aff. ¶ 19.

[32] PJM, Intra-PJM Tariffs, OATT Part VIII.J 437 Replacement Generation Interconnection (0.0.0), § 437C.1.

[33] Transmittal at 17.

[34] PJM, Intra-PJM Tariffs, OATT Part VIII.J 437 Replacement Generation Interconnection (0.0.0), § 437A.6.b.1; Franks Aff. ¶ 18.

[35] PJM, Intra-PJM Tariffs, OATT Part VIII.J 437 Replacement Generation Interconnection (0.0.0), § 437A.6.b.ii.

13. PJM's Proposed Tariff includes three exceptions to the Commercial Operation Date requirement. First, the Proposed Tariff provides that "Replacement Generation Resources with industry-recognized significant construction timelines, such as nuclear or combined-cycle generating facilities, may have Commercial Operation Dates later than three (3) years."[36] Second, PJM explains that the proposed Tariff revisions provide a Replacement Generation Project Developer a one-time option to extend its expected Commercial Operation Date beyond three years from the Deactivation Date of the deactivating Generating Facility "regardless of cause."[37] PJM states that if a Replacement Generation Project Developer misses the extended Commercial Operation Date, PJM would issue a notice to the developer declaring the project to be in breach. According to PJM, to the extent the Replacement Generation Project Developer does not cure the breach, including by demonstrating it did not cause delays and is exercising due diligence, PJM would terminate the Replacement Generation Project Developer's GIA. Third, the Proposed Tariff provides that the Transmission Provider "may reasonably extend milestone dates in the Replacement Generation Resource's GIA, including the milestone date for commercial operation, in the event of delays not caused by the Replacement Generation Project Developer, such as unforeseen regulatory or construction delays that could not be remedied by the Replacement Generation Project Developer through the exercise of due diligence."[38]

III. Notice and Responsive Pleadings

14. Notice of PJM's filing was published in the *Federal Register*, 90 Fed. Reg. 9156 (Feb. 7, 2025), with interventions and protests due on or before February 21, 2025.

15. Timely motions to intervene were filed by: Advanced Energy United (Advanced Energy); American Electric Power Service Corporation (AEPSC); Appalachian Voices; Buckeye Power, Inc.; Calpine Corporation; Constellation Energy Generation, LLC; East Kentucky Power Cooperative, Inc. (EKPC); Electric Power Supply Association; Elevate Renewables F7, LLC (Elevate); Exelon Corporation (Exelon); Illinois Municipal Electric Agency; Maryland Office of People's Counsel; Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM (IMM); New Jersey Division of Rate Counsel; Northern Virginia Electric Cooperative, Inc.; PJM Industrial Customer Coalition; PPL Electric Utilities Corporation; Solar Energy Industries Association; Virginia Electric and Power Company (VEPCO); and Vistra Corp. (Vistra). New Jersey Board of Public Utilities filed a notice of intervention.

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[36] *Id.* § 437A.6.b.i.

[37] *Id.* § 437A.6.a.1.

[38] *Id.* § 437A.6.b.iii.

16. The following entities filed timely comments: Advanced Energy; AEPSC, on behalf of its affiliates,[39] VEPCO, and Exelon[40] (collectively, Joint Supporting Commenters); Appalachian Voices, Earthjustice, Natural Resource Defense Council, Sustainable FERC Project, and Rocky Mountain Institute (collectively, Public Interest Organizations or PIOs); EKPC and Elevate (collectively, EKPC-Elevate); Organization of PJM States, Inc. (OPSI); Union of Concerned Scientists (UCS); and Vistra. The IMM filed a timely protest. On March 10, 2025, EKPC-Elevate filed a motion for leave to answer and answer to the IMM's protest.

17. On March 12, 2025, Commission staff issued a deficiency letter informing PJM that its filing was deficient and requesting additional information necessary to process the filing (Deficiency Letter). On April 11, 2025, PJM filed a response (Deficiency Response).

18. Notice of PJM's Deficiency Response was published in the *Federal Register*, 90 Fed. Reg. 16117 (Apr. 17, 2025), with interventions and protests due on or before May 2, 2025.

19. On May 13, 2025, EKPC-Elevate filed a motion for leave to file comments out-of-time and comments.

A. Comments/Protests

20. Several commenters support the filing and argue that the Replacement Generation Interconnection Service Request process is consistent with Commission precedent and open access and non-discrimination principles.[41] Certain commenters also contend that

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[39] AEPSC's affiliates include Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company, AEP Appalachian Transmission Company, Inc., AEP Indiana Michigan Transmission Company, Inc., AEP Kentucky Transmission Company, Inc., AEP Ohio Transmission Company, Inc., AEP West Virginia Transmission Company, Inc., and AEP Energy Partners, Inc.

[40] Exelon's affiliates include Atlantic City Electric Company, Baltimore Gas and Electric Company, Commonwealth Edison Company, Delmarva Power & Light Company, PECO Energy Company, and Potomac Electric Power Company.

[41] Joint Supporting Commenters Comments at 7-8 (citing *MISO*, 167 FERC ¶ 61,146 at P 63; *SPP*, 171 FERC ¶ 61,270 at P 16); OPSI Comments at 3 (citing *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,084 (2025); *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,083 (2025) (Surplus Interconnection Service Order)); Vistra Comments at 6-7.

the generator replacement process will promote efficient use of existing infrastructure,[42] and reduce the likelihood that replacement resources would materially impact the existing models that incorporated the deactivating resource—cutting down on the number of and time needed for studies.[43] Several commenters posit that this process yields cost saving to customers by reducing study and construction costs;[44] allows developers to respond to market signals in the near-term and helps avoid further increases in capacity prices associated with resource retirements;[45] permits modern, efficient resources to replace retiring generators;[46] and allows developers to avoid passing on to customers the cost of transmission facilities necessary to mitigate resource retirement-related reliability violations.[47]

21. PIOs argue that the proposed CIR transfer process will only bring benefits to PJM if replacement resources can achieve commercial operation in a timely manner. PIOs contend that the proposed one-time Commercial Operation Date extension and the provision to exempt resources with "industry-recognized significant construction timelines" from the three-year Commercial Operation Date requirement create the threat that the CIR transfer process could be used to exercise market power and erode the reliability and cost benefits of the proposed Replacement Generation Interconnection Service Request process. PIOs argue that either of these proposed provisions could allow a deactivating generator to transfer CIRs to a replacement resource with a Commercial Operation Date four or more years in the future, leaving transmission capacity unused and obstructing open access; and, in cases where such a transfer is intentional, it could amount to an abuse of market power.[48] PIOs assert that PJM provides no justification for the Commercial Operation Date exemption for resources with "industry recognized" long construction times, noted as combined cycle gas plants and nuclear plants.[49] PIOs argue

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[42] Advanced Energy Comments at 1; EKPC-Elevate Comments at 2; OPSI Comments at 2-3; PIOs Comments at 2; UCS Comments at 3; Vistra Comments at 1.

[43] EKPC-Elevate Comments at 8; PIOs Comments at 11; UCS Comments at 2; Vistra Comments at 5.

[44] EKPC-Elevate Comments at 9; Joint Supporting Commenters Comments at 6.

[45] EKPC-Elevate Comments at 10; PIOs Comments at 11.

[46] PIOs Comments at 12.

[47] EKPC-Elevate Comments at 10-11.

[48] PIOs Comments at 2-3, 16.

[49] *Id.* at 15-16.

that PJM must be transparent about how much longer gas combined cycle and nuclear plants take to construct, and hold these resources responsible to whatever timelines they indicate, and PJM verifies, is feasible on a project-specific basis.[50]

22. PIOs contend that the broad Commercial Operation Date exemption for resources with "industry-recognized significant construction timelines" opens the door for deactivating resources to intentionally transfer their CIRs to resources with long construction timelines. PIOs fear this will leave transmission capacity unused, artificially inflating capacity prices while blocking access to PJM's system for years. PIOs similarly contend that allowing for a Commercial Operation Date extension for all Replacement Generation Resources regardless of cause creates the threat of market power, and at the very least constrains supply to the detriment of consumers. PIOs request that the Commission: (1) encourage PJM to pursue further improvements to its proposed process to reduce or eliminate the interim period between a deactivation and the Commercial Operation Date of a replacement resource; and (2) require that CIR transfers report the same data as New Service Requests in PJM's interconnection queue process to evaluate the effectiveness of PJM's CIR transfer process.[51]

23. IMM contends that PJM's proposal should be rejected because other recently accepted filings, including the proposal accepted in the Surplus Interconnection Service Order, make the CIR transfer rule changes unnecessary and better address the reliability, cost, and timing issues that PJM asserts the instant filing addresses.[52] IMM argues that the Commercial Operation Date exemptions and extensions are incompatible with permitting the faster commercial operation of viable capacity projects that could address resource adequacy concerns, helping eliminate or reduce the need for specific Reliability Must-Run Agreements, or addressing specific reliability needs, as accomplished by the Reliability Resource Initiative.[53]

24. IMM argues that PJM's proposal creates a process to maximize the value of existing CIRs to incumbent generation, facilitating the exercise of market power in the sale of CIRs. Specifically, IMM argues that the proposal creates a bilateral, parallel interconnection process that is inconsistent with PJM's process for selecting the best resources to meet short-term reliability needs, and inappropriately delegates the authority

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[50] *Id.* at 16.

[51] *Id.* at 3-4. PIOs state that this information should include technology type, fuel type, size, phases and agreements, dates, and resource ownership.

[52] IMM Protest at 1-3, 6-8 (citing *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,084; Surplus Interconnection Service Order, 190 FERC ¶ 61,083).

[53] *Id.* at 4, 9.

from PJM to the incumbent generator to choose the new resource based on the highest offer for CIRs.[54] IMM argues that developers would be willing to pay a premium for the CIRs to circumvent the queue process and the proposal would only serve to permit current owners of capacity resources to sell the CIRs to new developers at higher prices.[55] IMM also contends that PJM's proposal would waste PJM staff resources in part due to the additional requirement to perform Replacement Generation Interconnection Studies in parallel with the studies required during the newly revised Cycle Process.

B. Answer

25. EKPC-Elevate disagree with IMM's contentions that PJM's reliability challenges have been solved by its surplus interconnection service reforms because surplus interconnection service is limited by the fact that these customers may only take service up to one year beyond the date that the host interconnection customer retires, and a replacement resource may not be able to navigate the interconnection process prior to the expiration of the one-year grace period.[56]

C. PJM Deficiency Response

26. In its Deficiency Response, PJM clarifies that the opportunity to replace the capacity of a deactivating resource is available to the owner of the deactivating resource or to whomever the owner of the deactivating resource and holder of that resource's CIRs desires to transfer those CIRs.[57] PJM states that as in the current CIR transfer process, PJM does not and will not choose the replacement generation facilities to be interconnected under the replacement generation interconnection process.

27. PJM also clarifies that existing Project Developers that have submitted deactivation notices for their generating facilities would be able to submit a Replacement Generation Interconnection Service Request. PJM states that this is consistent with its current rules wherein a Project Developer may submit an interconnection request and

[54] *Id.* at 2-3, 9.

[55] *Id.* at 6.

[56] EKPC-Elevate Answer at 2-5.

[57] Deficiency Response at 2-3.

application (an Application and Study Agreement) in the Transition Cycle process to claim and transfer CIRs to a replacement resource.[58]

28. With respect to the Replacement Generation Interconnection Study, PJM states that the instant proposal does not provide a defined timeline for a proposed Replacement Generation Resource to eliminate an identified Material Adverse Impact.[59] PJM proffers that, to the extent the Commission determines such a specific timeline would make the proposal just and reasonable, PJM would propose to amend the filing to state,

> [t]he Replacement Generation Project Developer shall have 15 Business Days after Transmission Provider determines that interconnection of a Replacement Generation Resource will cause a Material Adverse Impact to the Transmission System to notify Transmission Provider that it has no changes to the proposed Replacement Generation Resource and acknowledge it will be responsible for the costs of any Network Upgrades needed to address that Material Adverse Impact or to submit to Transmission Provider any desired changes to its proposed Replacement Generation Resource.[60]

29. With respect to possible effects on other interconnection customers, PJM states that it would establish "relative queue priority" between Replacement Generation Interconnection Requests and the New Service Requests within Cycles in the Cycle Process through its ordering of study models, which incorporate projects with priority.[61] PJM asserts that this will prevent Replacement Generation Interconnection Requests having an adverse impact on New Service Requests in the Cycle process.[62]

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[58] *Id.* at 18 (citing PJM, Intra-PJM Tariffs, OATT Part VII.E 328 Capacity Interconnection Rights (0.0.0), §§ 328C.3-4.

[59] *Id.* at 9.

[60] *Id.* at 9-10.

[61] *Id.* at 12. PJM states that it will study Replacement Generation Interconnection Requests "using the most recent Cycle Phase II System Impact Study model available or, if available, the most recent Cycle Phase III System Impact Study model," as specified in Proposed Tariff, Part VIII.J, § 437C.1.c.

[62] Deficiency Response at 18.

30. PJM states that these priority rules allow PJM to clearly identify which interconnection request is causing the need for Network Upgrades on the transmission system (i.e., whether a specific Cycle or a specific Replacement Generation Interconnection Request is causing the need for new Network Upgrades).[63] To this end, PJM avers that system configuration changes resulting from Network Upgrades needed for Replacement Generation Interconnection Requests would not increase the costs for Network Upgrades allocated to New Service Requests in the Cycle Process. PJM states that if a Replacement Generation Interconnection Request uses transmission system capability (often referred to as headroom), thereby causing a reliability criteria violation and the need for Network Upgrades, that Replacement Generation Interconnection Request will be required to fund 100% of the Network Upgrades needed to address that violation.

31. PJM states that the Proposed Tariff does not contain a maximum time limit on the one-time option for a Replacement Generation Project Developer to extend its project's Commercial Operation Date "regardless of cause."[64] PJM states that if a Replacement Generation Project Developer misses the extended Commercial Operation Date, PJM would issue a notice to the developer declaring the project to be in breach.[65] According to PJM, to the extent the Replacement Generation Project Developer does not cure the breach, including by demonstrating it did not cause delays and is exercising due diligence, PJM would terminate the Replacement Generation Project Developer's GIA.

32. PJM also states that it is not possible to provide "a complete list" of resource types with "industry-recognized significant construction timeframes" that are exempt from the three-year Commercial Operation Date requirement because it is not a static list.[66] PJM explains that this Tariff provision is intended to avoid creating unnecessary barriers to entry to projects that have extended construction timelines but nevertheless can make a significant contribution to meeting resource adequacy needs, at a time when PJM needs additional resources to maintain reliability. PJM claims it is reasonable, however, to balance this requirement (as opposed to making it a strict gating criteria) with avoiding blanket elimination of upgrades for projects that by nature of their fuel type (e.g., nuclear) would have trouble meeting that three-year timeline.[67]

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[63] *Id.* at 12.

[64] *Id.* at 15.

[65] *Id.*

[66] *Id.* at 16.

[67] *Id.*

33. PJM states that the Replacement Generation Interconnection Service Request process does not introduce the possibility of any new market power concerns.[68] Specifically, PJM explains that Project Developers that seek to obtain and transfer CIRs to a Replacement Generation Resource would be doing so for the purpose of offering the Replacement Generation Resource into the Reliability Pricing Model Auctions and, if a resource owner intended to withhold a resource from the Reliability Pricing Model Auctions, such an owner would not seek CIRs for a Replacement Generation Resource in the first instance.

34. PJM requests that the Commission establish an effective date for the filing as of the date the Commission accepts it.

IV. Commission Determination

A. Procedural Matters

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

36. 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 unless otherwise ordered by the decisional authority. We accept the answer filed by EKPC-Elevate because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

37. The Commission applies an independent entity variation standard to evaluate regional transmission organization and independent system operator proposals for deviations from the Commission's *pro forma* generator interconnection procedures and *pro forma* generator interconnection agreement established in Order No. 2003.[69] Under

[68] *Id.* at 15.

[69] Order No. 2003, 104 FERC ¶ 61,103 at PP 822-827; Order No. 2003-A, 106 FERC ¶ 61,220 at P 759. The Commission has recognized that the independent entity variation standard is the appropriate standard of review for replacement generation interconnection proposals. *Midcontinent Indep. Sys. Operator, Inc.,* 167 FERC ¶ 61,146 (2019) (MISO); *Sw. Power Pool, Inc.,* 171 FERC ¶ 61,270, at P 13 (2020) (SPP); *see also PSCo*, 171 FERC ¶ 61,115 at P 38 & n.57 (explaining that, although it did not explicitly state in the MISO order that it was accepting MISO's generator replacement process under the independent entity variation standard, the standard of review for RTO/ISO interconnection filings is the independent entity variation standard).

the independent entity variation standard, PJM must demonstrate that its proposed variations are just and reasonable and not unduly discriminatory or preferential, and accomplish the purposes of Order No. 2003.[70] As discussed below, we find that PJM's CIR transfer proposal is unjust and unreasonable and therefore does not meet the independent entity variation standard, and reject PJM's filing without prejudice to PJM submitting a revised generator replacement proposal that addresses the concerns below.

38. PJM's proposal affords a one-time option for a Replacement Generation Project Developer to extend its project's Commercial Operation Date regardless of cause and for an indeterminate amount of time. We find that PJM's lack of a maximum time limit for the one-time option for an extension of a Replacement Generator Resource's Commercial Operation Date regardless of cause renders PJM's proposal unjust and unreasonable because it undermines the purpose of the generator replacement process.[71] That is, the main purpose of the generator replacement process is to avoid duplicative study costs and operational costs that otherwise would occur when the request to replace an existing generating facility must proceed through the interconnection study queue process, which will in turn avoid delaying the replacement of older resources with more efficient and cost-effective resources. The Commercial Operation Date time limit is one of the parts of the generator replacement process that ensures that older resources are efficiently replaced with newer ones and should not be undermined by the potential for indeterminate extensions. Specifically, by limiting the window for generator replacements to go into commercial operation, new, more efficient and cost-effective resources must be sufficiently developed before they enter the generator replacement process, which will ensure they are able to rapidly achieve commercial operation. Thus, we find that the lack of a maximum time limit for Commercial Operation Date extensions, which introduces the opportunity to delay commercial operation for an indefinite period of time, would result in a generator replacement process that does not promote the efficient interconnection of new resources.

39. We also find that PJM's proposal is unjust and unreasonable because the unrestricted opportunity for a Replacement Generation Resource Project Developer to significantly delay commercial operation may result in CIRs and associated transmission capacity dedicated to accommodate the Replacement Generation Resource's operation going unused. During the intervening period between deactivation of the outgoing Generating Facility and commercial operation of the Replacement Generation Resource, the CIRs associated with the Replacement Generation Resource are maintained as deliverable by PJM and the associated transmission owner and transmission capacity is held for the Replacement Generation Resource. An indeterminate and potentially lengthy time for the extension could result in unjust and unreasonable costs related to this

[70] *See, e.g.*, *Sw. Power Pool, Inc.*, 181 FERC ¶ 61,269, at P 15 (2022).

[71] *See MISO*, 167 FERC ¶ 61,146 at PP 61-62; *SPP*, 171 FERC ¶ 61,270 at PP 14-15.

ongoing maintenance of the transmission system for use by the Replacement Generation Resource being assigned to customers without any corresponding benefit.

40. We note that our concern here is not the ability to extend a resource's Commercial Operation Date in PJM's proposed generator replacement process;[72] instead, it is the unilateral and unbounded ability to extend the date regardless of cause and lack of a reasonable, maximum time limit. These factors introduce the possibility that a Replacement Generation Resource may proceed through the replacement generation interconnection queue and then request a significant extension without any justification and without any limiting criteria. The potential for significant extensions of Commercial Operation Dates undermines PJM's stated intent that the Replacement Generation Interconnection Service process seeks to help address the identified resource adequacy need in the 2030/2031 Delivery Year, at which point "load growth and generator retirements are expected to outstrip installed [c]apacity in the PJM Region."[73] We find that PJM's proposal as designed does not provide sufficient assurance that the generator replacement process will allow for the efficient and cost-effective replacement of generators, which is the central purpose of the replacement interconnection process.

41. By comparison, we note that the generator replacement processes that the Commission found to be just and reasonable in MISO and SPP provide limits on commercial operation date extensions.[74] To the extent PJM chooses to submit a revised generator replacement process proposal, it may consider these other examples in developing its proposal.

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[72] Indeed, the Commission has allowed commercial operation date extensions in other generator replacement processes. *See, e.g.*, *Vistra Corp. Elec. Inc. Joppa BESS LLC*, 192 FERC ¶ 61,027 at P 15 (2025) (granting waiver of MISO, OATT, Attachment X, § 4.4.4 to allow a two-year extension of the commercial operation deadline for the replacement projects); *Vistra Corp. Ill. Power Res. Generating LLC*, 191 FERC ¶ 61,236 at P 15 (2025) (granting waiver of MISO, OATT, Attachment X, § 4.4.4 to allow a 24-month extension of the commercial operation deadline for the replacement projects).

[73] *See* Transmittal at 1, 6-9.

[74] *See MISO*, 167 FERC ¶ 61,146 at P 1; *SPP*, 171 FERC ¶ 61,270 at P 13. MISO and SPP both require that a replacement generator must achieve commercial operation within three years of the retirement date of the retiring generator (or four years from the date a unit is determined to be in forced outage). MISO, OATT, Attachment X, § 3.3.1 (167.0.0); SPP, OATT, Attachment V, § 8.2(g) (19.0.0). In MISO and SPP, if the requested period between the cessation of operation of the existing generating facility and expected commercial operation date of the replacement generating facility is more than three years, the request is treated as an interconnection request for a new generating facility. *Id*.

42. As a general matter, we find that PJM's proposal would promote the efficient use of existing infrastructure[75] and may yield numerous other benefits, including: (1) efficiencies through using existing interconnection service at retiring facilities; (2) reduced interconnection timelines for replacement generation through an expedited study process; (3) cost savings for customers by reducing study and construction costs; and (4) reduced interconnection-related uncertainty in generation resource planning.[76] The Commission previously found it unnecessary "to send [existing generation owners] through a full interconnection process when the replacement generation facility will be using the same type and level of service as the existing generating facility and will cause no material impact on the . . . transmission system."[77] PJM's proposals regarding the proposed eligibility criteria, application and study process, and cost allocation provisions largely overlap with processes that the Commission has approved for other regions.[78]

43. We note that PJM offers to amend the instant proposal to require Replacement Generation Project Developers to submit any changes to their proposed resource within 15 business days after determination that interconnection of a Replacement Generation Resource will cause a Material Adverse Impact,[79] and we encourage PJM to include such a requirement, should it choose to submit a similar filing in the future.

44. We also agree with PJM's goal of offering Replacement Generation Resources that face long lead times a certain degree of flexibility with respect to achieving commercial operation, and agree that such resources "can make a significant contribution to meeting resource adequacy needs, at a time when PJM needs additional resources to maintain reliability."[80] But we note that PJM's proposal to exempt certain resource types from the three-year Commercial Operation Date requirement if they have "industry-recognized significant construction timeframes" is ambiguous and fails to provide the necessary information for determining which resources are entitled to the exemption or for determining the alternative timeline by which such resources must achieve commercial operation. Because we reject PJM's proposal on other grounds, we need not reach whether PJM's proposed exemption for resources facing long lead times is just and reasonable and not unduly discriminatory or preferential. If PJM chooses to submit a

[75] Transmittal at 9-10 (citing *MISO*, 167 FERC ¶ 61,146 at P 71).

[76] *See PacifiCorp*, 182 FERC ¶ 61,003 at P 56.

[77] *Id.* at 10 (citing *MISO*, 167 FERC ¶ 61,146 at P 62).

[78] *See MISO*, 167 FERC ¶ 61,146 at PP 8-13; *SPP*, 171 FERC ¶ 61,270 at PP 4-5.

[79] Deficiency Letter Response at 9-10.

[80] *Id.* at 16.

similar filing in the future, we encourage PJM to include information supporting that any provision offering certain Replacement Generation Resources a certain degree of flexibility with respect to achieving commercial operation is not unduly discriminatory and to define the criteria that resources must satisfy to qualify for an exemption from the three-year Commercial Operation Date requirement.

The Commission orders:

PJM's proposed Tariff revisions are hereby rejected, without prejudice, as discussed in the body of this order.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Secretary.

Appendix

Rejected Tariff Provisions in Docket No. ER25-1128-000

PJM Interconnection, L.L.C.
Intra-PJM Tariffs

412, OATT Part VIII.E 412 Assignment of Project Identifier (1.0.0),
http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=353213

426, OATT Part VIII.E 426 Capacity Interconnection Rights (2.0.0),
http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=353214

432, OATT Part VIII.E 432 Transmission Provider Website Postings (1.0.0),
http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=353215

VIII Subpart J, OATT VIII Subpart J REPLACEMENT GENERATION INTERCONNECTION (0.0.0)
http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=353216

437, OATT Part VIII.J 437 Replacement Generation Interconnection (0.0.0),
http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=353217

438 - 499, OATT Part VIII 437 - 499 Reserved (2.0.0),
http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=353218

IX.B GIA Appx-Sched, OATT Part IX.B GIA Appendices and Schedules (2.0.0),
http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=353219

IX.B GIA Schedule M, OATT Part IX.B GIA Schedule M (0.0.0),
http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=353220

IX Subpart N, OATT IX Subpart N FORM OF REPLACEMENT GENERATION INTERCONNEC (0.0.0),
http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=353221

Rejected Tariff Provisions in Docket No. ER25-1128-001

PJM Interconnection, L.L.C.
Intra-PJM Tariffs

400 R, OATT 400 Definitions R (3.1.0), http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=356362

Document Content(s)