

194 FERC ¶ 61,027
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

January 13, 2026

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER26-527-000

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

Attention: Chenchao Lu
Associate General Counsel

Dear Chenchao Lu:

1. On November 14, 2025, pursuant to section 205 of the Federal Power Act (FPA),¹ PJM submitted proposed revisions to its Open Access Transmission Tariff (Tariff) and Amended and Restated Operating Agreement² to: (1) update its energy market rules so that PJM commits resources scheduled in advance of the Day-ahead Energy Market (Advanced Scheduled Resources) using only their cost-based offers and (2) make ministerial clean-up revisions due to overlapping filing and effective dates.³ We accept PJM's proposed revisions to its rules for Advanced Scheduled Resources effective December 31, 9998, as requested, subject to condition, as discussed below.⁴ We also

¹ 16 U.S.C. § 824d.

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

³ See Appendix for tariff records (collectively, Proposed Tariff).

⁴ PJM filed an eTariff record with no substantive revisions to create a proposed effective date for the filing of January 14, 2026. See Notice of Procedures for Making Statutory Filings When Authorization for New Or Revised Tariff Provisions is Not Required, Docket No. RM01-5-000 (issued June 3, 2020).

accept PJM's ministerial clean-up revisions effective on October 1, 2025, and November 18, 2025.

2. PJM explains that, under its current rules, market sellers of Generation Capacity Resources are required to submit a forecast of the availability of these resources seven days in advance of an Operating Day.⁵ PJM states that, as part of that obligation, resources with a start-up time of greater than 24 hours must submit binding offers over that seven day period, while resources with a start-up time of equal to or less than 24 hours may, but are not required to, submit non-binding forecasted prices for the sale of energy over that seven day period. PJM further explains that, when it anticipates emergency conditions, it can pre-schedule resources (Advanced Scheduled Resources) up to seven days in advance of the Day-ahead Energy Market in order to alleviate such emergency conditions. PJM elaborates that, for Advanced Scheduled Resources with start-up times greater than 24 hours, PJM pre-schedules and commits such resources based on their binding offers in advance of the Day-ahead Energy Market, while for Advanced Scheduled Resources with start-up times less than or equal to 24 hours, PJM pre-schedules such resources in advance of the Day-ahead Energy Market, but does not commit such resources until binding offers are submitted at the close of the Day-ahead Energy Market offer window, and that such resources may update their offers prior to the clearing of the Day-ahead Energy Market.⁶ PJM explains that all Advanced Scheduled Resources that operate in real-time are eligible for uplift payments.⁷

3. PJM explains that, prior to 2024, it rarely pre-scheduled resources prior to the Day-ahead Energy Market, and when it did so, it was primarily to address transmission constraints.⁸ However, PJM explains that as a result of lessons learned from Winter Storm Elliot, it now more regularly pre-schedules resources in order to ensure that

⁵ Transmittal at 3-4 (citing PJM, Intra-PJM Tariffs, Operating Agreement, Schedule 1, § 1.10.1A(f) (53.0.0)).

⁶ PJM explains that Generation Capacity Resources with start-up times of more than 24 hours must submit binding offers in advance of the Day-ahead Energy Market because those resources must be scheduled in advance of the Day-ahead Energy Market in order to allow those resources to operate by the start of the Operating Day. Transmittal at 3.

⁷ PJM explains that uplift payments are calculated based on the lesser of the Committed Offer (as defined by the first Day-ahead Energy Market commitment or out-of-market commitment the unit receives) and relevant Final Offer (defined as the offer on which a resource was dispatched by PJM). Transmittal at 5 (citing Operating Agreement Schedule 1, § 3.2.3).

⁸ Transmittal at 5-7.

gas-fired resources are able to procure gas and actually operate after being committed in the Day-ahead and Real-time Energy Markets.

4. PJM argues that, while pre-scheduling resources has the benefit of mitigating reliability risk during periods of anticipated emergency conditions, this action also reveals a potential gaming concern for which there are currently no mitigation rules.⁹ Specifically, PJM explains that a resource could submit a low forecasted price that is used to pre-schedule that resource, but the resource could then increase this price, or submit less flexible operating parameters, when offering into the Day-ahead Energy Market knowing that it would still receive a commitment in the Day-ahead Energy Market or an out-of-market commitment due to it being pre-scheduled as an Advanced Scheduled Resource. PJM notes that there are currently mitigation measures in place to ensure that a resource will be dispatched on the lower of its market-based or cost-based offer when such resource is being dispatched specifically to address transmission constraints.¹⁰ However, PJM reiterates that it pre-schedules resources for reasons other than to address transmission constraints. PJM states that market-based offers are not parameter limited or required to conform to a resource's approved Fuel Cost Policy.¹¹ Further, PJM explains that cost-based offers are only considered when a resource fails the three pivotal supplier test, and Advanced Scheduled Resources that pass the three pivotal supplier test are still incentivized to raise their market-based offers as they know that they will be committed nonetheless as a result of having already been pre-scheduled.¹² PJM argues that this concern applies equally to resources with a start-up time greater than 24 hours as it does to resources with a start-up time less than or equal to 24 hours, as resources with a start-up time greater than 24 hours could submit a high market-based offer that is not reflective of its actual economic costs knowing that, if it is pre-scheduled, it would be compensated to this market-based offer regardless of whether it clears in the Day-ahead Energy Market.¹³

5. While PJM states that it has not observed this gaming behavior in practice, in order to prevent the possibility of this behavior occurring, PJM explains that it is submitting the proposed revisions to limit the commitment of all Advanced Scheduled

⁹ Transmittal at 7-9.

¹⁰ Transmittal at 7 (citing Operating Agreement Schedule 1, § 6.4.1(e)).

¹¹ Transmittal at 8; *see* Operating Agreement, Schedule 2 (17.0.0).

¹² Transmittal at 8 (citing Operating Agreement, Schedule 1, § 6.6(a); Operating Agreement, Schedule 1, § 3.2.3).

¹³ Transmittal at 9.

Resources to only cost-based offers.¹⁴ Specifically, PJM proposes to make the following revisions to its Tariff and Operating Agreement. First, PJM proposes revisions to clarify that Advanced Scheduled Resources must submit cost-based offers in advance of the Day-ahead Energy Market, with such cost-based offers being binding for resources with start-up times of greater than 24 hours, and such offers being non-binding for resources with start-up times of less than or equal to 24 hours, while clarifying that such resources may continue to update their offers in advance of the Real-time Energy Market.¹⁵ Second, PJM proposes revisions to clarify that Advanced Scheduled Resources with a start-up time that is greater than 24 hours do not have to submit offers into the Day-ahead Energy Market, as such resources are already committed in advance of the Day-ahead Energy Market.¹⁶ Third, PJM proposes revisions to expand the current limitation that cost-based offers are only considered when a Market Seller fails the three pivotal supplier test to also extend to cost-based offers from Advanced Scheduled Resources.¹⁷ Finally, PJM proposes additional revisions that clarify that the Day-ahead Energy Market and Real-time Energy Market will only clear cost-based offers submitted by Advanced Scheduled Resources.¹⁸

6. PJM explains that the proposed revisions are a result of months-long stakeholder consideration and that the final package was endorsed by the vast majority of stakeholders.¹⁹ PJM further elaborates that these revisions represent phase one of a two-phase effort and that phase two will consider further refinements to the treatment of Advanced Scheduled Resources, including potential reforms to uplift calculations for multi-day commitments, fuel cost policy rules, and recovery of stranded gas costs. PJM states that it is aiming to complete stakeholder discussions of these issues by the end of 2026, which may result in an additional future filing with the Commission. Further, PJM explains that it is also engaging with stakeholders via the reserve certainty task force that

¹⁴ Transmittal at 9-10 (citing Operating Agreement, Schedule 2, § 2.1; Operating Agreement, Schedule 2, § 6.6(a)).

¹⁵ Transmittal at 14-15 (citing proposed Tariff, Attachment K-Appendix, §1.10.1A(f); Operating Agreement, Schedule 1, § 1.10.1A(f)).

¹⁶ Transmittal at 15 (citing proposed Tariff, Attachment K-Appendix, §1.10.1A(d); Operating Agreement, Schedule 1, § 1.10.1A(d)).

¹⁷ Transmittal at 15-16 (citing proposed Tariff, Attachment K-Appendix, §6.6(a); Operating Agreement, Schedule 1, § 6.6(a)).

¹⁸ Transmittal at 16 (citing proposed Tariff, Attachment K-Appendix, § 6.4.1(d); Operating Agreement, Schedule 1, § 6.4.1(d)).

¹⁹ Transmittal at 17-18.

is aiming to better align market signals and reduce out of market payments for reserves, with the goal of minimizing the need for pre-scheduling resources ahead of the Day-ahead Energy Market.

7. PJM explains that it will need to make software upgrades in order to implement the proposed revisions, and while those software upgrades are expected in the first quarter of 2026, the exact date of implementation will depend on when its external vendor can implement those changes.²⁰ As such, PJM requests an indeterminate effective date for the proposed revisions and commits to notifying the Commission of the actual effective date of the revisions at least 15 days prior to implementation.

8. In addition, PJM explains that it is submitting ministerial clean-up revisions to its Tariff and Operating Agreement, effective October 1, 2025, and November 18, 2025, to include revisions that were previously accepted by the Commission but are not reflected in the current and previous eTariff versions of the Tariff and Operating Agreement due to overlapping filing dates and effective dates.²¹

9. Notice of PJM's filing was published in the *Federal Register*, 90 Fed. Reg. 52378 (Nov. 20, 2025), with interventions and protests due on or before December 5, 2025. American Electric Power Service Corporation,²² Calpine Corporation, Constellation Energy Generation, LLC, J-POWER USA Development Co., Ltd., Old Dominion Electric Cooperative, Public Citizen, Inc., Southern Maryland Electric Cooperative, Inc., and Talen Energy Corporation filed timely motions to intervene. The Independent Market Monitor for PJM (Market Monitor) and PJM Power Providers Group (P3) filed timely motions to intervene and comments. On December 12, 2025, Ohio Consumers' Counsel filed an out-of-time motion to intervene.

10. In its comments, the Market Monitor states that it supports the proposed revisions. The Market Monitor explains that, in addition to addressing transmission constraints, PJM pre-schedules resources in advance of the Day-ahead Energy Market because: (1) some resources cannot start-up or operate below a certain temperature, and (2) gas fired resources may not be able to procure fuel in a timely manner due to gas pipeline

²⁰ Transmittal at 2, 18.

²¹ Transmittal at 18-19.

²² American Electric Power Service Corporation filed on behalf of its affiliates 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. and AEP West Virginia Transmission Company, Inc.

nomination period timing.²³ The Market Monitor asserts that Advanced Scheduled Resources must be committed based on their cost-based offers because they have market power and know that they are required for reliability, and therefore face no competition. The Market Monitor states that the proposed revisions prevent Advanced Scheduled Resources from exercising market power, while allowing such resources to reflect the cost of fuel by retaining the ability to update cost-based offers prior to the Day-ahead Energy Market deadline and throughout the Operating Day as long as it is done in line with the approved Fuel Cost Policies.

11. In its comments, P3 argues that PJM's proposal is a small first step in addressing transparency and accuracy in energy market pricing, and that several important issues remain unresolved that are expected to be covered in phase two of this initiative.²⁴ P3 states that some members were not able to support the filing, and those that did not object did so because they understand that these unresolved issues will be addressed in phase two.²⁵

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2025), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

13. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant Ohio Consumers' Counsel's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

14. We find that PJM's proposal to require Advanced Scheduled Resources to submit cost-based offers, and limit commitment of Advanced Scheduled Resources to cost-based offers, to be just and reasonable, as it will eliminate a potential gaming opportunity for Advanced Scheduled Resources. Further, we find that the proposal ensures that Advanced Scheduled Resources with start-up times of less than or equal to 24 hours are able to accurately reflect their costs in their offers in the Day-ahead Energy Market by allowing such resources to update their cost-based offers prior to the clearing of the Day-ahead Energy Market.

15. Accordingly, we accept PJM's tariff records effective October 1, 2025, November 18, 2025, January 14, 2026, and December 31, 9998, as requested. No less than 15 days prior to the date PJM implements the proposed tariff revisions with a

²³ Market Monitor Comments at 2-4.

²⁴ P3 Comments at 2.

²⁵ P3 Comments at 2-3.

December 31, 9998 effective date, PJM is required to make a compliance filing in this docket through the Commission's eTariff system with the accepted tariff record text that establishes the actual effective date of the tariff records and designates the records accepted in this order as OBE (overtaken by events).²⁶

By direction of the Commission.

Carlos D. Clay,
Deputy Secretary.

²⁶ PJM must make a compliance filing using Type of Filing Code 80 in this docket by including the associated filing identifier (associated_filing_id) for this filing at the filing level. The filing must include tariff records with the effective date for the previously-accepted tariff records and that also includes, at the tariff record level, the associated filing identifier (associated_filing_id), associated record id (associated_record_id), and associated option code (associated_option_code) of the original tariff records accepted with a 12/31/9998 date.

Appendix – Tariff Records

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

Effective October 1, 2025

- [OATT ATT K APPX Sec 1.10, OATT Attachment K Appendix Sec 1.10 - Scheduling \(48.0.1\)](#)
- [OA Schedule 1 Sec 1.10, OA Schedule 1 Sec 1.10 - Scheduling \(48.0.1\)](#)

Effective November 18, 2025

- [OATT ATT K APPX Sec 1.10, OATT Attachment K Appendix Sec 1.10 - Scheduling \(53.0.1\)](#)
- [OA Schedule 1 Sec 1.10, OA Schedule 1 Sec 1.10 - Scheduling \(53.0.1\)](#)

Effective January 14, 2026

- [OATT ATT K APPX SEC 1, OATT ATTACHMENT K APPENDIX SECTION 1 - MARKET OPERATIONS \(3.0.0\)](#)

Effective December 31, 9998

- [OATT ATT K APPX Sec 1.10, OATT Attachment K Appendix Sec 1.10 - Scheduling \(55.0.0\)](#)
- [OATT ATT K APPX Sec 6.4, OATT Attachment K Appendix Sec 6.4 Offer Price Caps \(19.0.0\)](#)
- [OATT ATT K APPX Sec 6.6, OATT Attachment K Appendix Sec 6.6 Minimum Generator Operati \(13.0.0\)](#)
- [OA Schedule 1 Sec 1.10, OA Schedule 1 Sec 1.10 - Scheduling \(55.0.0\)](#)
- [OA Schedule 1 Sec 6.4, OA Schedule 1 Sec 6.4 Offer Price Caps. \(19.0.0\)](#)
- [OA Schedule 1 Sec 6.6, OA Schedule 1 Sec 6.6 Minimum Generator Operating Parameters \(13.0.0\)](#)