194 FERC ¶ 61,049
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Laura V. Swett, Chairman;
David Rosner, Lindsay S. See,
Judy W. Chang, and David LaCerte.

PJM Interconnection, L.L.C. Docket No. ER26-455-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued January 21, 2026)

1. On November 7, 2025, pursuant to section 205 of the Federal Power Act (FPA),[1] PJM Interconnection, L.L.C. (PJM) filed revisions to its Open Access Transmission Tariff (Tariff) to revise certain Reliability Pricing Model (RPM)[2] auction parameters that PJM is required by the Tariff to review at least every four years (Periodic Review). In this order, we accept the proposed Tariff revisions, effective January 23, 2026, as discussed below.[3]

I. Background and the PJM Filing

2. According to its Tariff, PJM will conduct RPM auctions to procure resource commitments sufficient to meet reliability requirements in the PJM region in advance of a delivery year.[4] The Variable Resource Requirement curve (VRR Curve) is an administratively determined demand curve that is used, in combination with the supply curve formed from capacity supplier sell offers, to clear the RPM auctions. The Tariff requires PJM and its stakeholders to review both the shape of the VRR Curve and the inputs to that curve at least every four years.[5] These inputs include the gross Cost of New

[1] 16 U.S.C. § 824d.

[2] All capitalized terms that are not otherwise defined herein have the meaning defined in the Tariff, Amended and Restated Operating Agreement of PJM, or Reliability Assurance Agreement among Load Serving Entities in the PJM Region.

[3] *See* Appendix for tariff records accepted in this order.

[4] PJM, Intra-PJM Tariffs, Tariff, attach. DD, § 5.4 (Reliability Pricing Model Auctions) (10.0.0).

[5] *Id.* attach. DD, § 5.10 (35.0.0), §§ 5.10(a)(i)-(iii).

Entry (Gross CONE) established by a representative, theoretical new power plant (Reference Resource) and the expected energy and ancillary services (EAS) net revenues earned by the Reference Resource during the delivery year (EAS Offset). Net CONE is Gross CONE minus the EAS Offset. Net CONE therefore represents the revenues that a new resource would need to earn in the capacity market, after subtracting net energy and ancillary service revenues from Gross CONE.

3. PJM's Tariff establishes that the VRR Curve shall be plotted on a graph with a y-axis defined in terms of $/MW-day, and an x-axis in terms of unforced capacity (UCAP).[6] PJM's Tariff has defined previous VRR Curves as a set of lines connecting several price-quantity points that are stated as multiples or fractions of the Net CONE of the Reference Resource reflected as $/MW-day (on the price axis) and the target Reliability Requirement (on the MW quantity axis). PJM explains that higher prices (above Net CONE) are associated with capacity shortage conditions (generally below the target reliability requirement) and lower prices are associated with excess capacity conditions.[7] PJM adds that the Commission has previously observed that "[t]here may be a number of just and reasonable methods for determining the slope of the demand curve."[8]

4. PJM states that it initiated this Periodic Review process in September 2024, a year earlier than required by the Tariff's four-year deadline, after significant tightening of supply and rapid erosion of reserve margins contributed to high clearing prices in the 2025/2026 Base Residual Auction.[9] PJM states that in conducting this Periodic Review, it considered current market conditions, including near or actual shortage, ongoing interconnection queue reforms, and the compressed capacity auction schedules for the next two Base Residual Auctions. Based on the analyses produced by PJM's expert, The Brattle Group (Brattle), PJM proposes several changes for implementation starting with the 2028/2029 delivery year.[10] As described in more detail below, PJM proposes Tariff revisions that: (1) retain the combustion turbine (CT) as the Reference Resource while updating the technical specifications; (2) flatten the downward-sloping VRR Curve; and

[6] *Id.* attach. DD, § 5.10(a)(i).

[7] Transmittal at 40.

[8] *Id.* at 40-41 (citing *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,318, at P 111 (2007)).

[9] *Id.* at 5.

[10] *Id.* at 5-6.

(3) continue to use a forward-looking optimized dispatch approach to calculating the EAS Offset.[11]

5. PJM requests an effective date of January 23, 2026, and proposes to implement the Tariff revisions starting with the 2028/2029 Base Residual Auction, which is scheduled to commence on June 30, 2026.

II. Notice of Filing and Responsive Pleadings

6. Notice of PJM's filing was published in the *Federal Register*, 90 Fed. Reg. 55305 (Dec. 2, 2025), with interventions and protests due on or before December 8, 2025. Timely motions to intervene were filed by: PJM Power Providers Group (P3); Electric Power Supply Association; Maryland Office of People's Counsel (Maryland OPC); Exelon Corporation; Talen Energy Corporation; Old Dominion Electric Cooperative; the IMM; LS Power Development, LLC (LS Power); Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Energy Resources & Trade LLC; American Electric Power Service Corporation; Constellation Energy Generation, LLC; Calpine Corporation; Dominion Energy Services, Inc.; New Jersey Division of Rate Counsel; Southern Maryland Electric Cooperative, Inc.; FirstEnergy Service Company;[12] J-POWER USA Development Co., Ltd.; Ohio Consumer's Counsel; American Municipal Power, Inc.; and Vistra Corporation. Notices of intervention were filed by New Jersey Board of Public Utilities (New Jersey BPU) and the Pennsylvania Public Utility Commission (Pennsylvania Commission). Timely comments or protests were filed by P3, the Pennsylvania Commission, New Jersey BPU, Maryland OPC, LS Power, and the IMM. On December 9, 2025, Retail Energy Supply Association (Retail Energy) filed a motion to intervene out-of-time.

7. On January 2, 2026, PJM filed a motion for leave to answer and answer to the protests. On January 20, 2026, IMM and Maryland OPC each filed a motion for leave to answer and answer to PJM's answer.

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[11] PJM notes that its proposal passed in the stakeholder process with a sector-weighted vote of 3.767 (the threshold for passing is 3.335 out of 5). *Id.* at 8 n.22. Five other proposals, including one from Marketing Analytics, LLC, acting in its capacity as the independent market monitor for PJM (IMM), failed to pass, with sector-weighted support ranging from 0.896 to 1.854.

[12] FirstEnergy Service Company moves to intervene as agent for its franchised public utility affiliates Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, FirstEnergy Pennsylvania Electric Company, Jersey Central Power & Light Company, Monongahela Power Company, and The Potomac Edison Company.

III. Discussion

A. Procedural Matters

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

9. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant Retail Energy'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.

10. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2025), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We accept the answers in this proceeding because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

11. As discussed below, we find that PJM's proposed VRR Curve parameters are just and reasonable and not unduly discriminatory or preferential. We also find that the analysis on which PJM relies to support its proposed VRR Curve is consistent with the Tariff requirements. Accordingly, we accept the proposed Tariff revisions, effective January 23, 2026, as requested.

1. Reference Resource

a. PJM Filing

12. PJM proposes to maintain the CT as the Reference Resource while updating some technical specifications and operating parameters in the Tariff definition of the Reference Resource.[13] PJM states that it considered many types of resources as the Reference Resource, including a CT, a combined cycle (CC), and a 4-hour battery energy storage system (BESS).[14] In selecting a CT as the Reference Resource, PJM explains that the CT yields an EAS Offset that is less volatile than that of other technologies, and thus a CT's

[13] Transmittal at 17; *see* PJM, Intra-PJM Tariffs, OATT, § I.1 (R-S, Definitions) (28.1.1).

[14] Transmittal at 17-18 (citing Transmittal, attach. E (Affidavit of Samuel A. Newell, Andrew W. Thompson, Bin Zhou, and Joshua C. Junge) (Brattle/S&L CONE Aff.), Ex. 2 (2025 CONE Report)).

Net CONE value is relatively more stable from year to year.[15] PJM further explains that because a CT runs less often than a CC, a CT is less reliant on energy market revenues, meaning its EAS Offset is less likely to result in a $0/MW-day Net CONE value. PJM states that these findings support a CT Reference Resource because accurate estimation of Net CONE affects the efficacy of the VRR Curve.[16]

13. PJM states that based on the comparisons of CONE and Net CONE between the 4-hour BESS and CT, PJM selected the CT as the Reference Resource because it is the most cost-effective technology.[17] PJM explains that the Tariff contains separate CONE estimates for each of the five CONE Areas, each of which encompasses multiple transmission owner zones, except for CONE Area 5, which contains only the ComEd transmission owner zone in Illinois.[18] To determine the Net CONE for CONE Areas 1 through 4, PJM proposes to amortize the cost of building the Reference Resource over a 20-year period.[19] With respect to CONE Area 5, PJM proposes to continue to apply an adjustment factor to the amortization period for the CT Reference Resource to reflect the expected impact of Illinois's Climate and Equitable Jobs Act (CEJA) on the economic lifespan of such a resource.[20] PJM states that it considered a 4-hour BESS as the Reference Resource for CONE Area 5, but the costs associated with the 4-hour BESS are significantly higher than that of a CT, even with the CT's compressed asset life factor.

b. Comments

14. P3, the Pennsylvania Commission, and LS Power support PJM's choice of Reference Resource. P3 argues that the CT Reference Resource is not as dependent on energy market revenues and, as such, the Net CONE used to produce the proposed VRR Curve will not be subject to the energy market volatility that will impact other candidate Reference Resources like the CC.[21] The Pennsylvania Commission argues that, in addition to the reasons given by PJM for choosing the CT Reference Resource, other

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[15] *Id.* at 19-21 & fig.1 (citing Transmittal, attach. C (Affidavit of Skyler Marzewski) ¶¶ 6, 10 (Marzewski Aff.)).

[16] *Id.* at 24.

[17] *Id.* at 38.

[18] *Id.* at 28.

[19] *Id.* at 36.

[20] *Id.* at 36-37.

[21] P3 Comments at 6.

factors for choosing the CT relate to Tariff rules outside the VRR Curve provisions. The Pennsylvania Commission contends, for example, that because Net CONE is the basis for capacity market Non-Performance Charges, if Net CONE falls to very low levels, performance incentives in emergencies will also fall.[22]

15. LS Power supports PJM's decision to retain the CT as the Reference Resource for CONE Areas 1 through 4 but is concerned about using a CT Reference Resource for CONE Area 5.[23] LS Power explains that CEJA creates a mandated shutdown date of January 1, 2045 for any new gas-fired CT, resulting in an economic life of only 16.5 years for a CT plant entering service in 2028, declining by one year for each subsequent delivery year. While LS Power believes that PJM appropriately applied a shortened asset life factor to account for CEJA's impact, it questions whether any rational developer would build a new CT in Illinois (i.e., CONE Area 5) under these circumstances and argues that PJM's comparison of a CT to a 4-hour BESS may not fully account for real-world viability considerations.[24] Nevertheless, LS Power states that it does not oppose PJM's proposal for CONE Area 5, recognizing that PJM conducted a thorough analysis and that the CT produces lower and more stable Net CONE estimates than the BESS alternative with current costs and performance assumptions.

c. Determination

16. We accept as just and reasonable and not unduly discriminatory or preferential PJM's Tariff revisions to define the Reference Resource for the 2028/2029 delivery year and subsequent delivery years as a CT plant with certain technical specifications. As PJM notes, PJM's Tariff is not prescriptive as to how PJM will choose the Reference Resource.[25] We find that PJM has provided sufficient evidence showing that its selection of a CT plant as the Reference Resource is just and reasonable. PJM explains that because a CT plant relies less on revenues from the EAS markets than other technologies, PJM can estimate an EAS Offset for a CT plant that is both more accurate and more stable than the EAS Offset for other resources. A more accurate and stable EAS Offset, in turn, results in a more accurate and stable VRR Curve, which provides load and

[22] Pennsylvania Commission Comments at 10 (citing PJM, Intra-PJM Tariffs, OATT, attach. DD, § 10A (16.0.0), § 10A(e)).

[23] LS Power Comments at 6.

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

[25] Transmittal at 22 (citing *PJM Interconnection, L.L.C.*, 167 FERC ¶ 61,029, at P 47 (2019) (2019 VRR Curve Order)).

capacity suppliers with greater confidence in capacity auction prices.[26] Additionally, PJM states that the choice of a CT plant as the Reference Resource is consistent with criteria that PJM has used in previous Periodic Reviews, including: (1) feasibility to build; (2) whether the resource is an economic source of incremental capacity; and (3) whether the resource's Net CONE can be accurately estimated.[27] We find that PJM reasonably supports its conclusion that a CT plant meets these criteria because it is feasible to build and offers an economically viable source of incremental capacity.[28]

2. Shape of VRR Curve

a. PJM Filing

17. PJM states that its Tariff requires that PJM perform a review of the shape of the VRR Curve "based on simulation of market conditions to quantify the ability of the market to invest in new Capacity Resources and to meet the applicable reliability requirements on a probabilistic basis."[29] PJM explains that Brattle tested the performance and reliability of potential VRR Curves by using Monte Carlo modeling (a probabilistic analysis methodology) to simulate market outcomes.[30] PJM further explains that Brattle's Monte Carlo modeling informs the distribution of potential outcomes and performance trade-offs between potential VRR Curves by running hundreds of simulations, each with distinct combinations of input variables (e.g., supply, demand, capacity import limits, etc.), showing how often particular outcomes arise when viewed in aggregate.

18. PJM indicates that its previous VRR Curve is composed of three linear segments, connecting Point 1, Point 2, and Point 3, each extending down and/or to the right from the point where the immediately preceding segment ends.[31] PJM explains that in the previous VRR Curve Point 1, or the price cap, equals the greater of Gross CONE or 1.75 times Net CONE, applying at the MW quantity of 99.0% of the Reliability Requirement. Point 2 price equals 0.75 times Net CONE, applying at the MW quantity

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[26] *See id.*

[27] *Id.* at 22-23 (citing *PJM Interconnection, L.L.C.*, 182 FERC ¶ 61,073, at P 36 (2023) (2023 VRR Curve Order)).

[28] *Id.* at 23-24 (citing Marzewski Aff. ¶ 12).

[29] *See* PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.10(a)(iii).

[30] Transmittal at 58-60.

[31] *Id.* at 41.

of 101.5% of the Reliability Requirement. Point 3 equals zero, applying at the MW quantity of 104.5% of the Reliability Requirement. PJM explains that layered on top of the previous VRR Curve is a temporary price collar, limiting auction outcomes to between a reduced temporary price cap and a raised temporary price floor, effective for the 2026/2027 and 2027/2028 delivery years.[32]

19. PJM proposes revisions to the shape of the previous VRR Curve. For Point 1, or the price cap, PJM proposes to maintain the MW quantity of 99.0% of the Reliability Requirement, but revises the price cap to equal the greater of 1.15 times Gross CONE minus 0.75 times the EAS Offset, or 0.20 times Gross CONE. PJM explains that the proposed VRR Curve has a lower Point 1 price and is wider and flatter than the previous VRR Curve, which provides additional benefits, particularly under current tight market conditions, in terms of lower price volatility and lower customer exposure to price cap events. For Point 2, PJM proposes to maintain the MW quantity of 101.5% of the Reliability Requirement, but to revise the Point 2 price to equal 50% of the Point 1 price. For Point 3, PJM proposes to maintain the price at $0/MW-day, i.e., keeping it at the foot of the curve, but to shift it to the right from 104.5% of the Reliability Requirement to 106.0% of the Reliability Requirement.

20. PJM states that based on Brattle's Monte Carlo simulation, the proposed VRR Curve meets PJM's Reliability Requirement, which targets a 1-in-10-year Loss of Load Expectation (LOLE) on a long-term average basis.[33] PJM explains that Brattle examined the robustness of the proposed VRR Curve by conducting a sensitivity analysis under the assumptions that Brattle overestimated or underestimated Net CONE by 40%. PJM states that the results revealed that if Net CONE is underestimated by 40%, the proposed VRR Curve would result in an average LOLE that is only modestly worse than the average LOLE resulting from the previous VRR Curve.

21. PJM asserts that Point 1 of the proposed VRR Curve, or the price cap, is sufficiently high to attract new entry during times of resource adequacy scarcity without being overly burdensome to ratepayers.[34] Under the proposed VRR Curve, the price cap for the 2028/2029 delivery year is $550/MW-day UCAP, which is above the temporary price cap applied to the RPM auctions for the 2026/2027 and 2027/2028 delivery years, but below the $776/MW-day price cap produced by the previous VRR Curve if it was

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[32] *Id.* at 42; *see PJM Interconnection, L.L.C.*, 191 FERC ¶ 61,066, at P 51, *order on reh'g*, 192 FERC ¶ 61,258 (2025).

[33] Transmittal at 60-61.

[34] *Id.* at 47 (citing Marzewski Aff. ¶ 30).

extended to the 2028/2029 delivery year.[35] PJM asserts that the price cap must be sufficiently high to retain existing resources and to compete with neighboring capacity markets for net imports when regions are tight.[36] PJM states that the proposed $550/MW-day price cap produced by the proposed VRR Curve is within the range of price caps in neighboring capacity markets, which range from $524-$631/MW-day UCAP (in 2028 dollars).[37] PJM asserts that, according to Brattle, most capacity market price caps are set in the range of 1.5 to 2 times Net CONE, and because the proposed $550/MW-day UCAP price cap is 190% of the CT Net CONE, it meets the Commission's prior finding that a proposed price cap "falls within the reasonable range of price caps."[38]

22. PJM also asserts that there is clear evidence that circumstances have changed since the Commission's acceptance of the temporary price collar.[39] PJM explains how its ongoing interconnection reforms have progressed and points to 63.4 GW of new generation projects that have already completed the interconnection process and can proceed with development. PJM states that, although PJM has attracted new entrants and has tens of GW with executed interconnection agreements, the price signal is important for developers to actually invest and construct new resources to serve customers in the PJM region.

23. In justifying the proposed price cap formula of the greater of 1.15 times Gross CONE minus 0.75 times the EAS Offset, or 0.20 times Gross CONE, PJM argues that the price cap should allow the market to reach long-run equilibrium such that, even if prices clear at or near the price cap in some years, the market price will average out to true Net CONE in the long run.[40] Thus, PJM states, it is crucial that the price cap be above true Net CONE, and that the proposed price cap formula hedge against the risk of

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[35] *Id.* at 44.

[36] *Id.* at 49 (citing Marzewski Aff. ¶ 46).

[37] *Id.* at 50 (citing Transmittal, attach. D (Affidavit of Dr. Kathleen Spees, Dr. Samuel A. Newell, and Dr. Andrew W. Thompson), at ¶ 21 (Brattle VRR Curve Aff.)).

[38] *Id.* (citing Brattle VRR Curve Aff. ¶ 20; *PJM Interconnection, L.L.C.*, 192 FERC ¶ 61,258 at P 52).

[39] *Id.*

[40] *Id.* at 47.

underestimating Net CONE.[41] PJM explains that unlike the previous VRR Curve, which relies on a price cap equal to the greater of Gross CONE or 1.75 times Net CONE (i.e., 1.75 times Gross CONE minus 1.75 times the EAS Offset), PJM's proposed price cap formula applies separate multipliers to Gross CONE and the EAS Offset to hedge against uncertainty surrounding those inputs. PJM further explains that it is reasonable to apply a 0.75 multiplier to the EAS Offset to mitigate against the risk of overestimating it. Specifically, PJM explains that the forward-looking EAS Offset carries uncertainty due to varying forward price assumptions used in forecasting future net revenues. PJM also argues that the proposed price cap formula accounts for potential alternative approaches that developers may use in estimating future net revenues.[42] To derive the 0.75 value of the EAS Offset multiplier, PJM explains that it evaluated estimated historical revenues earned by CTs operating in PJM markets, as reported by the IMM in its State of the Market Reports.[43] PJM states that the 1.15 value of the Gross CONE multiplier recognizes that several public data points cite much higher installed Gross CONE values without relying fully on these non-PJM-specific values.[44]

24. Regarding the proposed price cap formula's use of 0.20 times Gross CONE (to be the price cap if this value is higher than 1.15 times Gross CONE minus 0.75 times the EAS Offset), PJM states that this safeguard hedges against the unlikely event that PJM's calculated EAS Offset is greater than approximately 125% of Gross CONE. PJM states that without the 20% safeguard, the price cap of the proposed VRR Curve could potentially collapse, i.e., be set at $0/MW-day, undermining the efficacy and purpose of RPM auctions. PJM argues that while some may argue against such a safeguard, it is important to establish a VRR Curve that produces capacity auction results that are greater than $0/MW-day. PJM states that it must commit sufficient capacity resources for any given delivery year because committed capacity resources will have performance obligations (e.g., energy must-offer requirement, requirements to perform during Emergency Actions, testing requirements, etc.) necessary to meet the resource adequacy needs of the PJM region for that delivery year.[45]

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[41] *Id.* at 52. PJM also argues that even if true Net CONE is below the price cap, that price cap may be too low if it gives rise to frequent price cap events, fewer projects proposed, tighter and less competitive auctions, and some higher-cost, short-term resources opting out of participating in the market. *Id.* at 48-49.

[42] *Id.* at 54.

[43] *Id.* at 54-55.

[44] *Id.* at 53.

[45] *Id.* at 55.

25. As mentioned above, for Point 2, PJM proposes to revise the price to equal 0.5 the price cap, which PJM asserts simplifies the calculation of Point 2 while also safeguarding against potential collapse of the three-point curve to a two-point curve if Net CONE equals $0/MW-day.[46] PJM asserts that collapse to a two-point VRR Curve would result in a steeper curve that no longer emulates the shape of the Marginal Reliability Impact curve, which reflects the declining marginal reliability gained as more MW are procured. PJM further asserts that in this event, PJM would be unable to properly value reliability beyond 101.5% of the Reliability Requirement, which could lead to unforeseen consequences and understate the value of reliability beyond 101.5% of the Reliability Requirement.[47]

26. For Point 3, PJM proposes to shift the foot of the curve rightward from 104.5% of the Reliability Requirement to 106% of the Reliability Requirement, consistent with Brattle's recommendation.[48] PJM explains that extending the curve to the right further flattens the curve and meaningfully increases the amount of capacity that would be procured along this leg of the curve.[49] PJM asserts that under recent market conditions, the RPM has experienced tight, short-market conditions and a flatter curve supports efforts to incent new entry in light of marked supply shortages.

b. Comments and Protests

27. PJM's proposed VRR Curve shape received supportive comments from LS Power, New Jersey BPU, the Pennsylvania Commission, and P3.[50] LS Power argues that PJM's progress in addressing its interconnection queue, the phased return to normal auction timelines, and the comprehensive updates to capacity market parameters all demonstrate that the extraordinary circumstances justifying the temporary price collar imposed earlier this year have been addressed.[51] LS Power argues that extending the collar beyond its intended limited duration would be unjust and unreasonable, creating artificial constraints that deter necessary investment.

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[46] *Id.* at 56.

[47] *Id.* at 56-57.

[48] *Id.* at 57.

[49] *Id.* at 58.

[50] *See* LS Power Comments at 1-5, 15; New Jersey BPU Comments at 5; Pennsylvania Commission Comments at 1, 5-9; P3 Comments at 9-10.

[51] LS Power Comments at 12.

28. The Pennsylvania Commission argues that the proposed VRR Curve improves the previous VRR Curve by preventing overcompensation of suppliers at low and high levels of net EAS revenues, while maintaining the ability of generators to recover sufficient revenues across those different net EAS revenues, even if assumptions regarding Gross CONE or the EAS Offset are incorrect.[52] The Pennsylvania Commission also supports PJM's proposal to prevent the proposed VRR Curve from collapsing by implementing a price cap floor of 0.20 times Gross CONE.[53] The Pennsylvania Commission states that in addition to the administrative burdens of a collapsed VRR Curve, another problem caused by a $0/MW-day price cap is that the Tariff defines the capacity market Non-Performance Charge Limit (i.e., the stop loss) based on the clearing price.[54] As a result, the Pennsylvania Commission argues, even if the RPM engine cleared sufficient resources to maintain reliability, those resources would have effectively no performance obligation in the delivery year, as the stop loss would be immediately triggered for all resources.[55]

29. P3 argues that the proposed VRR Curve is sufficiently sloped to reduce capacity price volatility and includes a price cap that is closer to actual CONE as compared to the temporary price cap.[56] P3 states that it agrees with PJM that the previous VRR Curve has proven too steep and susceptible to volatility under recent market conditions, creating unacceptable risks of price spikes and shortfalls. P3 argues that, most importantly, PJM's proposal to extend the foot of the VRR Curve ensures that the market continues to send meaningful price signals even at higher procurement levels, thereby strengthening the system's ability to retain existing units with reliability value. P3 states that PJM's Monte Carlo simulations demonstrate that the proposed VRR Curve reduces customer exposure to price cap events and improves the likelihood that the region meets its resource adequacy standards.[57] P3 argues that this design change is especially critical during a period of mounting retirements and rising load forecasts.

30. IMM and Maryland OPC protest PJM's proposed price cap of approximately $550/MW-day and argue that the price cap should be lower. IMM argues that the formula of the Proposed VRR Curve substantially weakens the equilibrating impact of

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[52] Pennsylvania Commission Comments at 2, 6-9.

[53] *Id.* at 5.

[54] *Id.* (citing PJM, Intra-PJM Tariffs, OATT, attach. DD, § 10A(f-1)).

[55] *Id.* at 5-6.

[56] P3 Comments at 3, 9-10.

[57] *Id.* (citing Transmittal at 10).

the EAS Offset, which IMM asserts leads to capacity market prices that are higher than competitive levels.[58] IMM argues that Net CONE is the "missing money" that the Reference Resource expects to recover in the capacity market. IMM argues that when Net CONE is zero, the Reference Resource expects to earn its entire costs in the energy market alone.[59] More generally, IMM argues that PJM's proposed VRR Curve artificially increases capacity market prices above the competitive level and attenuates the equilibrating role of the EAS Offset, which is core to the functioning of the energy and capacity markets together.[60] IMM proposes an alternative price cap based on Net CONE, explaining that, under its alternative price cap proposal, IMM's price cap is zero when Net CONE is zero.

31. Maryland OPC argues that because PJM's proposed price cap formula lowers the weighting of the EAS Offset to 0.75, PJM's proposal increases the probability that there will be the equivalent of "double payment" to suppliers.[61] Maryland OPC asserts that the high likelihood of a capacity shortage in PJM means that EAS prices will rise due to reserve shortages and scarcity pricing, thereby increasing the EAS Offset and decreasing Net CONE. Maryland OPC asserts that customers would first pay for the capacity as if energy prices will be low, and second, consumers would pay the higher energy prices in real time.

32. IMM also protests PJM's proposal to extend the horizontal position of the VRR Curve's foot (Point 3) from 104.5% of the Reliability Requirement to 106% of the Reliability Requirement.[62] IMM states that this extension will increase the quantity of capacity that PJM customers are required to purchase when prices are at less than 50% of the price cap. IMM argues that PJM provides no rationale for this increased cost to customers. IMM argues that due to the identified issues discussed here and below in sections III.B.3 and III.B.4, the filing should be rejected or, in the alternative, further investigated at hearing.[63]

33. Maryland OPC argues that PJM's proposed price cap, which is $550/MW-day compared to the temporary price cap of $325/MW-day, is unjust and unreasonable

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[58] IMM Protest at 10-11.

[59] *Id.* at 12.

[60] *Id.* at 15.

[61] Maryland OPC Protest at 13-14.

[62] IMM Protest at 11.

[63] *Id.* at 3, 15.

because the circumstances that created conditions of shortage under which the Commission accepted the temporary price cap continue today and are unlikely to be remedied in the near future.[64] Maryland OPC asserts that new resources are unable to respond to high Base Residual Auction signals and enter PJM's marketplace in time for the 2028/2029 delivery year because of delays in the interconnection queue, compressed auction schedules, and supply chain issues.[65]

34. Maryland OPC argues that PJM's proposed VRR Curve does not properly reflect current market conditions because Brattle's simulations do not incorporate forecasts of supply or demand and rely on values from the Base Residual Auction for the 2025/2026 delivery year.[66] Maryland OPC asserts that the Commission should reject this filing and institute a proceeding under FPA section 206 to determine whether PJM's Periodic Review process is just and reasonable given the unprecedented state of market conditions.

c. Answers

35. PJM contends that protesters' arguments in favor of an extension of the temporary price collar beyond the 2026/2027 and 2027/2028 delivery years should be rejected as outside the scope of this proceeding.[67] PJM states that issues associated with whether the temporary price collar should be extended have been presented in PJM's ongoing critical issue fast path process related to large load additions, and asserts that the Commission should neither outrun nor prejudge the outcome of that stakeholder process. PJM notes that the Commission's acceptance of the temporary price collar was "'based on the confluence of unusual facts and circumstances presented' that 'were not considered'" in PJM's 2022 Periodic Review.[68] PJM reiterates that the 2025 Periodic Review was developed in consideration of tight market conditions, uncertainties that make it difficult

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[64] Maryland OPC Protest at 2, 9. Although New Jersey BPU does not contest PJM's proposal, New Jersey BPU notes that it is not convinced that the circumstances that supported the Commission's acceptance of the temporary price cap have been resolved, and New Jersey BPU remains concerned about affordability for ratepayers. New Jersey BPU Comments at 3-5.

[65] Maryland OPC Protest at 9-10.

[66] *Id.* at 12-13 (citing Maryland OPC Protest, attach. (Affidavit of Mario S. DePillis Jr.) at 12-13). At the time Brattle performed its analysis, the Base Residual Auction for the 2025/2026 delivery year was the most recent completed auction.

[67] PJM Answer at 10.

[68] *Id.* at 11 (citing *PJM Interconnection, L.L.C.*, 192 FERC ¶ 61,258 at P 37).

to provide stable long-term investment signals, and recent and anticipated RPM market design changes.[69] PJM also asserts that PJM's generation interconnection queue reforms, including completion of Transition Cycle 1, contributed toward addressing the interconnection backlog, and RRI provided a pathway for 11,000 MW of natural gas, nuclear, and battery projects to be added to Transition Cycle 2.[70] PJM reiterates that the compressed auction schedule has improved as the Base Residual Auctions are on track to return to the normal three-year forward auction by May 2027 for the 2030/2031 delivery year.

36. PJM asserts that its proposed price cap formula recognizes current market conditions by using a conservative estimate of Net CONE.[71] PJM argues that using a price cap that accounts for uncertainty in Net CONE, combined with the updates to Point 2 and Point 3 of the proposed VRR Curve, provides a flatter demand curve shape, which will help to produce more stable clearing outcomes while still meeting the long-term reliability outcomes of a 1-in-10 LOLE.[72] PJM argues that Maryland OPC's assertion that the 0.75 EAS Offset multiplier results in a "double payment" relies on the faulty premise that administrative Net CONE calculations are precise and devoid of uncertainty.[73] PJM states that since the EAS Offset is a forward-looking estimate, there is inherent misestimation risk. PJM asserts that the 0.75 EAS Offset multiplier serves not to ignore revenue, but to provide a necessary margin of safety against risk of overestimation, allowing the price cap to remain robust enough to incentivize entry even if the administrative estimates of EAS Offset diverge from realized market conditions.[74] PJM also argues that a price cap formula based only on the estimated Net CONE has a significantly higher risk of being equal to zero when EAS Offset values are high.[75] PJM states that Brattle's analysis showed that even 1.5 times Net CONE does not yield

[69] *Id.* (citing Transmittal at 7).

[70] *Id.* at 12.

[71] *Id.* at 13.

[72] *Id.* (citing Transmittal at 64, tbl.3).

[73] *Id.* at 14.

[74] *Id.*

[75] *Id.* at 15.

adequate reliability outcomes, unless the curve is shifted to the right or the price cap is a much higher multiple of Net CONE.[76]

37. PJM argues that IMM's and Maryland OPC's contention that the competitive equilibrium price should be Net CONE "reflects a fundamental misunderstanding of the distinction between long-run and short-run competitive dynamics."[77] PJM states that Net CONE is the long-run equilibrium price required to induce entry over time, and by contrast, the short-run competitive price during a shortage is the price cap, representing the value of reliability. PJM asserts that the market clearing price should be allowed to oscillate and fall below Net CONE during surplus and also rise significantly above Net CONE during shortage. PJM further asserts that allowing prices to exceed Net CONE is critical for a competitive market to produce accurate shortage signals.

38. PJM also contends that Maryland OPC's argument that new entry cannot possibly respond to higher price signals in the upcoming auctions misses the point, because higher clearing prices do not necessarily mean new entry will immediately participate in the auction for the associated delivery year.[78] PJM asserts that investors need to see the price signal produced by the market before taking steps to develop new resources, which could take several years before such resources become available to serve as capacity. PJM argues that even when new entry may not be immediate, prices above Net CONE perform several critical functions by incentivizing: (1) retention of existing resources that might otherwise face economic retirement or export capacity into neighboring regions with higher prices; (2) developers to pay premiums for expedited development of new resources; and (3) alternative supply, such as demand response, uprates to existing facilities, and imports, which may respond much quicker than new build.[79]

39. PJM argues that setting the price cap at Net CONE would effectively eliminate the dynamic incentives of shortage pricing and could create artificial shortage conditions when capacity fails to clear the auction because the price offers exceed the price cap.[80] PJM asserts that the price cap should be set at a level that allows the market to produce price signals that reflect shortage conditions and that prices must be allowed to rise

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[76] *Id.* (citing PJM, *The Brattle Group, Modeling Results – IMM Curve* (Aug. 22, 2025), https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250822-special/brattle-imm-curve-modeling.pdf).

[77] *Id.*

[78] *Id.* at 16-17.

[79] *Id.* at 17.

[80] *Id.* at 18.

significantly above Net CONE during shortages. PJM also contends that using a safeguard equal to 20% of Gross CONE in the price cap is just and reasonable because it protects against market uncertainty.[81] PJM reiterates that Brattle's analysis found that the proposed VRR Curve resulted in acceptable reliability outcomes for PJM. Finally, PJM argues that the rightward shift of Point 3 to 106% of the Reliability Requirement produces a relatively flatter curve and meaningfully increases the amount of capacity that could be procured along the curve at prices less than 0.5 times the price cap.[82] PJM asserts that this is appropriate because it recognizes the reliability value of incremental capacity that can be procured. PJM states that the RPM has recently experienced tight market conditions and contends that a flatter curve supports efforts to incentivize new entry in light of market supply shortages while mitigating against price volatility compared with a steeper VRR Curve. PJM reiterates that extending the VRR Curve to the right emulates a feature of the Brattle Marginal Reliability Impact curve.[83]

40. IMM asserts that PJM's approach increases the maximum price in the capacity market above its efficient and competitive level.[84] IMM argues that PJM incorrectly refers to its proposed 0.75 EAS Offset multiplier in the price cap formula as accounting for uncertainty in the EAS Offset and therefore Net CONE.[85] According to IMM, uncertainty means that the EAS Offset could be higher or lower, and PJM's estimated EAS Offset is the expected value and therefore already accounts for uncertainty. IMM asserts that if PJM believes that it needs to improve its calculation of the EAS Offset, it should propose such improvement rather than simply assuming the EAS Offset is overstated.

41. Maryland OPC disputes PJM's assertion that extending the existing price cap to future PJM capacity market auctions is outside the scope of this proceeding, because PJM's existing Tariff provisions on the review of the VRR Curve shape provide that during a periodic review, PJM shall perform a review of the shape of the VRR Curve, and that "[b]ased on the results of such review, PJM shall prepare a recommendation to either modify or retain the existing Variable Resource Requirement Curve shape."[86] Maryland

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[81] *Id.* at 18-19.

[82] *Id.* at 19.

[83] *Id.* at 19-20.

[84] IMM Answer at 3.

[85] *Id.* at 8.

[86] Maryland OPC Answer at 2-3 (citing PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.10(a)(iii)).

OPC also asserts that if PJM did not earnestly consider the existing VRR Curve shape in the review process, PJM is violating its Tariff.[87] In response to PJM's assertion that the price cap has been raised in the critical issue fast path process related to large load additions, Maryland OPC contends that the ongoing critical issue fast path process is not a clear pathway for further discussion and analysis of the VRR Curve shape.[88]

42. Maryland OPC asserts that PJM's general assertions that it considered the current market conditions in the Periodic Review do not refute Maryland OPC's specific arguments that current demand conditions are not modeled in PJM's proposed VRR Curve.[89] Maryland OPC also contends that although PJM cites to ongoing initiatives to improve its interconnection queue and the auction schedule, most resources chosen through PJM's interconnection "fast track" process will likely not be operational until after 2030. Maryland OPC asserts that PJM "severely underestimates" the likelihood that the price cap will be reached, as PJM's simulations predict the price cap would be reached only 4% of the time.[90] Maryland OPC asserts that under scenarios that account for current market conditions of inadequate supply, in which the price cap is reached 75% or 100% of the time, the average clearing price becomes $482/MW-day and $550/MW-day, respectively.[91] Maryland OPC asserts that these expected prices far exceed Net CONE and are unjust and unreasonable.

43. In response to PJM's argument that the price cap must be above Net CONE to provide scarcity pricing, Maryland OPC argues that scarcity pricing was designed for short-term energy markets with short-run variable costs rather than a capacity market with fixed costs and new entry.[92] Maryland OPC contends that, at best, scarcity pricing in the capacity market (i.e., prices above Net CONE) creates future supply over several auctions. Maryland OPC, however, argues that the capacity market cannot provide functional price signals if prices persist above Net CONE due to the lack of significant new entry. Maryland OPC asserts that PJM's assumptions that general principles of

[87] *Id.* at 3.

[88] *Id.* at 3-4.

[89] *Id.* at 4.

[90] *Id.* at 5 (citing Brattle VRR Curve Aff. tbl. 2)

[91] *Id.* at 5-6 (citing Maryland OPC Answer, attach. (Reply Affidavit of Mario S. DePillis Jr.) at 8-9 (DePillis Reply Aff.)).

[92] *Id.* at 8-9 (citing DePillis Reply Aff. at 4-5).

scarcity pricing continue to hold true no matter the ability of supply to respond leads to customers overpaying.

d. Determination

44. We accept as just and reasonable and not unduly discriminatory or preferential PJM's proposed revisions to section 5.10, attachment DD of the Tariff to set the VRR Curve applicable for the 2028/2029 delivery year and subsequent delivery years. PJM's Tariff requires PJM and its stakeholders to review the shape of the VRR Curve at least every four years.[93] The Tariff states that the curve must be drawn on a graph, and

> [s]uch analysis shall be based on simulation of market conditions to quantify the ability of the market to invest in new Capacity Resources and to meet the applicable reliability requirements on a probabilistic basis. Based on the results of such review, PJM shall prepare a recommendation to either modify or retain the existing [VRR] Curve shape.[94]

45. We find that the analysis on which PJM relies to support its proposed VRR Curve is consistent with the requirements of the Tariff and results in adjustments to the VRR Curve that are just and reasonable. As part of the 2025 Periodic Review, PJM's consultant, Brattle, tested the performance and reliability of potential VRR Curves by using historical-based Monte Carlo modeling, a probabilistic analysis methodology. The Commission has approved the use of this methodology in prior Periodic Reviews and has found that its use is consistent with the requirements of PJM's Tariff.[95] Based on the results of Brattle's simulations, the record before us indicates that the proposed VRR Curve will help to ensure that PJM can satisfy its Reliability Requirement. In addition, we agree with PJM that compared to the previous VRR Curve, the wider and flatter shape of the proposed VRR Curve with the lower price cap and extended foot will reduce price volatility and customer exposure to higher prices, particularly in light of current tight market conditions. In particular, the flatter shape of the curve will reduce the potential for price spikes and offer more pricing stability, which provides suppliers and consumers more certainty with respect to the clearing price.[96]

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[93] PJM, Intra-PJM Tariffs, OATT, attach. DD, §§ 5.10(a)(i)-(iii).

[94] *Id.* attach. DD, § 5.10(a)(iii).

[95] 2019 VRR Curve Order, 167 FERC ¶ 61,029 at P 20; 2023 VRR Curve Order, 182 FERC ¶ 61,073 at P 158.

[96] *See* Brattle VRR Curve Aff., Ex. 2 (2025 VRR Curve Study) at 9.

46. We disagree with IMM and Maryland OPC's arguments that PJM's proposed price cap formula is unjust and unreasonable because it discounts the EAS Offset component in the price cap formula to 0.75 times the EAS Offset, rather than using the full EAS Offset amount to calculate the price cap. Maryland OPC argues this design choice potentially enables double recovery in PJM's energy and capacity markets. We, however, find PJM's proposal is reasonable. Specifically, PJM explains that it proposes to discount the EAS Offset in the price cap formula to hedge against the risk of overestimating the EAS Offset and thereby underestimating Net CONE, which would result in price signals that are too low in the long run to incentivize needed investment. PJM explains that even though it has historically hedged against this same risk by inflating the price cap by a certain percentage, its proposal to inflate Gross CONE and deflate the EAS Offset achieves the same effect. In addition, PJM correctly notes that capacity market prices should be able to rise above Net CONE during tight market conditions such that the price averages Net CONE in the long term.[97] PJM also supports the 0.75 value of the EAS Offset multiplier with historical EAS revenue data from IMM's State of the Market Reports. Based on an analysis of the historical data, PJM determined that a standard deviation of a CT plant's EAS revenues is about 30%. PJM then reduced the EAS Offset by 25% to reflect a conservative approach while recognizing the greater efficiencies of the proposed CT Reference Resource.[98] Accordingly, we find that PJM has sufficiently supported its proposal to discount the EAS Offset in its proposed price cap formula.

47. We also find unpersuasive IMM's argument that PJM's proposal is unjust and unreasonable because the proposed VRR Curve does not collapse to $0/MW-day when Net CONE is zero. IMM fails to engage with PJM's reasons for preventing the VRR Curve from potentially collapsing to $0/MW-day. We agree with PJM that preventing such a collapse helps to avoid the reliability issues that would result if PJM fails to commit sufficient capacity resources for a given delivery year.[99] As PJM explains, if the price cap of the VRR Curve were to collapse, PJM may not procure sufficient capacity resources to meet the resource adequacy needs of that delivery year.[100] If the curve were to collapse, PJM may have difficulty procuring sufficient capacity, because resources that

[97] PJM Answer at 15.

[98] Transmittal at 53-55.

[99] It would also avoid administrative burdens associated with PJM potentially proposing additional tariff changes to address a collapse of the VRR Curve or other related concerns. *See*, *e.g.*, *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,088, at PP 56, 66 (2025).

[100] Transmittal at 55.

offer above $0/MW-day would not clear. We also find that preventing the potential for a price collapse decreases price volatility, bolstering confidence that market participants have in the resulting price signals. Moreover, we find that PJM's proposal to use 0.20 times Gross CONE as the minimum price cap helps to guard against overestimation of the EAS Offset. In summary, we find that IMM's argument that PJM's proposed price cap formula weakens the equilibrating impact of the EAS Offset ignores PJM's justifications for adjusting the offset to address the uncertainty and misestimation risk for the EAS Offset, including PJM's analysis of the historical variability of EAS revenues.[101]

48. IMM proposes an alternative price cap based on the lower of Gross CONE or 1.5 times Net CONE. We need not address whether that proposal is just and reasonable since we find, as discussed above, that PJM's proposal is just and reasonable.[102]

49. We find unpersuasive Maryland OPC's argument that the proposed price cap is unjust and unreasonable because the market conditions that supported the Commission's acceptance of the lower temporary price cap continue to persist. In the order accepting the temporary price collar, the Commission found only that the temporary price cap and temporary price floor are just and reasonable, not that the previous VRR Curve's price cap and floor were unjust and unreasonable.[103] The temporary price cap and floor were based on the prior parameters for setting the previous VRR Curve. In the instant filing, PJM explains that it undertook a full Periodic Review to determine an appropriate price cap based on updated analysis and, as we find here, has sufficiently justified its proposal.

50. We disagree with Maryland OPC's argument that the proposed price cap is unjust and unreasonable because new resources are unable to respond to high Base Residual Auction signals in time for the 2028/2029 delivery year due to delays in the interconnection queue, compressed auction schedules, and supply chain issues. Capacity prices are intended to send longer-term investment signals to which developers respond

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[101] *Id.* at 53-55.

[102] *Cities of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984) (when determining whether a rate was just and reasonable, the Commission properly did not consider "whether a proposed rate schedule is more or less reasonable than alternative rate designs") (*Cities of Bethany*); *Petal Gas Storage, L.L.C. v. FERC*, 496 F.3d 695, 703 (D.C. Cir. 2007) (finding that the Commission is not required to choose the best solution, only a reasonable one). *See also Cal. Indep. Sys. Operator Corp.*, 128 FERC ¶ 61,265, at P 21 (2009) ("Under the Federal Power Act, the issue before the Commission is whether the CAISO's proposal is just and reasonable and not whether the proposal is more or less reasonable than other alternatives.").

[103] *PJM Interconnection, L.L.C.*, 191 FERC ¶ 61,066, at P 51 (2025).

over time.[104] In addition, the expectation of increased capacity revenues could encourage an existing capacity resource to delay a planned deactivation or incent new supply from short timeframe generator uprates, new demand response resources, or reactivations.[105]

51. We further disagree with Maryland OPC's argument that the filing is unjust and unreasonable because PJM's Periodic Review does not properly reflect current market conditions. Similarly, Maryland OPC's argument that Brattle's simulations do not incorporate forecasts of supply or demand is misplaced. As noted above, Brattle's simulations are consistent with PJM's Tariff and Commission precedent.[106] As PJM and Brattle explain, the simulation does not attempt to predict near-term pricing or quantity outcomes and is instead a probabilistic analysis to test the proposed VRR Curve's consistency with the reliability standard in the long run. Brattle's simulations are designed to assess whether the proposed VRR Curve is likely to allow PJM to procure sufficient capacity to meet its Reliability Requirement in the long run, with reasonable volatilities in the price and quantity of capacity procured.[107] Maryland OPC has not presented evidence to demonstrate that such probabilistic analysis is no longer justified or that PJM has not properly followed its Tariff. We find that PJM's analysis was sufficient to meet the requirements of its Tariff, which is designed to ensure that, in the long term, the proposed VRR Curve meets PJM's reliability needs at a reasonable total cost to load.

3. Gross CONE

a. PJM Filing

52. PJM states that in this Periodic Review, it followed its longstanding "bottom-up" approach that yielded Gross CONE values previously accepted by the Commission as just and reasonable.[108] PJM explains that Gross CONE is an estimate of the total project capital cost and annual fixed operations and maintenance expenses of the Reference Resource. PJM explains that along with the bottom-up estimates of the cost components of the Reference Resource, Gross CONE is developed using a financial model that

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[104] *See, e.g.*, *PJM Interconnection, L.L.C.*, 126 FERC ¶ 61,275, at P 150 (2009) ("RPM was designed to provide long-term forward price signals . . . .").

[105] PJM Answer at 17.

[106] *See* 2019 VRR Curve Order, 167 FERC ¶ 61,029 at P 20; 2023 VRR Curve Order, 182 FERC ¶ 61,073 at P 158.

[107] Brattle VRR Curve Aff. ¶¶ 10, 12.

[108] Transmittal at 27 (citing *PJM Interconnection, L.L.C.*, 126 FERC ¶ 61,275 at P 36).

includes estimates of the likely debt costs, required internal rate of return, income taxes, and the project's economic life.

53. PJM explains that, consistent with prior Periodic Reviews, the cost estimates for these components were calculated by PJM's independent energy consultant, Brattle, with support from Sargent & Lundy (S&L).[109] Brattle explains that it proposes a project development period of 44 months based on a review of project timelines for projects similar to the Reference Resource. Brattle explains that it lengthened the project development period to 44 months from the 20 months used in the 2022 Periodic Review based on that review and the tight market for turbines and other major components.[110]

54. PJM explains that Brattle did not assume 100% bonus depreciation in year one because of the high capital cost for a new CT plant, which leads to a high amount of bonus depreciation a seller could use to offset its income tax obligations.[111] For example, PJM notes that Brattle estimates a new CT in the Rest of RTO region has an installed cost of $670 million. PJM argues that because this installed cost is more than a typical independent power producer's (IPP) annual taxable income, Brattle concluded that "the typical IPP would not be able to realize a tax deduction even close to 100% of bonus depreciation in year [one]."[112] In addition, PJM states that Brattle found that, based on its consultations with tax structuring experts, no market has developed for depreciation-only investment structures that would enable IPPs with insufficient taxable income in year one to monetize quickly the benefits of 100% bonus depreciation.[113] Instead, PJM assumes a seven-year straight line depreciation for a CT.[114]

55. Brattle analyzed a capital drawdown scenario that "expresses the percentage of the total nominal capital costs that are expended each month over the development period and is used to calculate carrying costs during development to arrive at a complete Installed Cost."[115] As PJM's consultants testify, following a disagreement with IMM during the stakeholder process over the drawdown schedule, General Electric (GE), the

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[109] *Id.* at 29 (citing Brattle/S&L CONE Aff.).

[110] 2025 CONE Report at 45.

[111] Transmittal at 31.

[112] *Id.* (citing Brattle/S&L CONE Aff. ¶ 34).

[113] *Id.* at 31-32 (citing Brattle/S&L CONE Aff. ¶ 35).

[114] *Id.* at 32 (citing Brattle/S&L CONE Aff. ¶¶ 35-36).

[115] Brattle/S&L CONE Aff. ¶ 27.

lead turbine manufacturer, validated that the 44-month turbine payment schedule embedded in the capital drawdown schedule in the 2025 CONE Report aligned with GE's progress-based payment schedules.[116] Further, PJM states that GE confirmed that the overall capital drawdown schedule was representative for a CT plant.

56. PJM states that it uses a composite index of generation plant capital costs to adjust the Gross CONE values in each year between Periodic Reviews.[117] PJM states that the current annual adjustments include three cost categories: labor, turbines, and materials. PJM proposes to use the same three cost indices but to change their weightings to better accord with the new Gross CONE estimate and to add a new cost component, a specified GDP deflator to account for changes in cost components that do not fall within the definitions of the labor, materials, and turbine indices. PJM proposes to use the following cost categories and weightings: 15% labor, 46% turbines, 10% materials, and 29% GDP Deflator.[118]

57. PJM proposes the following Gross CONE values for the five CONE areas for the 2028/2029 delivery year: $218,000/MW-year in CONE Area 1; $222,000/MW-year in CONE Area 2; $215,000/MW-year in CONE Area 3; $216,000/MW-year in CONE Area 4; and $248,000/MW-year in CONE Area 5.[119]

b. Comments and Protests

58. IMM argues the Gross CONE is unjust and unreasonable for three reasons.[120] First, IMM argues that PJM's projected timeline of 44 months is unrealistically short given the current market for turbines and other equipment.[121] IMM contends that, based on the experience of IMM's consultants and discussions between the consultants and GE, the expected total project schedule should be 65 months, which would increase Gross CONE.

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[116] Transmittal at 33 (citing Brattle/S&L CONE Aff. ¶ 28).

[117] *Id.* at 34.

[118] *Id.* at 35 (citing 2025 CONE Report at 90, tbl.28).

[119] *Id.* at 29 (citing PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.10 (36.0.0), § 5.10(a)(iv)(D)).

[120] IMM Protest at 3.

[121] *Id.* at 4.

59. Second, IMM argues that PJM assumes, without support, that investors in a new CT will not make efficient and profit-maximizing use of 100% bonus depreciation in year one.[122] IMM states that PJM and Brattle's use of seven-year straight line depreciation is without support and that a profit-maximizing firm will use the entire allowable depreciation in the first year.[123] IMM states that use of 100% bonus depreciation would lower Gross CONE.

60. Third, IMM argues that PJM uses an unrealistic drawdown schedule.[124] IMM explains that the drawdown schedule refers to the pattern of payments to the equipment manufacturer, GE, and to the engineering, procurement, and construction contractor from the date of order to the commercial operation date. IMM states that the profile of PJM's drawdown schedule is convex and highly loaded in the front end, with half of the entire overnight cost of the resource paid by the investor by month 15. In contrast, IMM states that its drawdown schedule, which it claims is the industry standard, includes only 15% of the entire overnight cost by month 15. IMM argues that the shape of PJM's drawdown curve is not a cost-minimizing approach to project spending that reflects good management practice. IMM asserts that the flawed drawdown schedule adds significantly and incorrectly to the project carrying costs and therefore to Gross CONE.

61. IMM also provides its own estimate of Gross CONE, which it argues is lower than PJM's proposed Gross CONE by $89-150/MW-day UCAP, depending on area.[125]

62. P3 states that although it appreciates PJM's extensive bottom-up analysis of Gross CONE values (and supports PJM's filing), P3 remains concerned that PJM may underestimate Gross CONE under current market conditions.[126] P3 argues that an understated Gross CONE introduces the risk that Net CONE may be similarly understated, which can lead to VRR Curve points that do not accurately reflect the price necessary to support and attract new entry. Despite these concerns, P3 argues that the

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[122] *Id.* at 4-5.

[123] *Id.* at 4-6.

[124] *Id.* at 7.

[125] *Id.* at 3-4, 8. To determine its own estimate of Gross CONE, IMM explains that it retained Pasteris Energy, Inc., which in turn contracted with Stantec Consulting Services, Inc. (Stantec), a power plant design and engineering firm with CT and CC plant design experience. IMM states that Stantec developed its estimates based on data from recent construction proposals by Stantec and input obtained from multiple construction contractors.

[126] P3 Comments at 6-7.

potential understatement does not render PJM's overall VRR Curve unjust and unreasonable.

63. Regarding PJM's decision not to assume full realization of 100% bonus depreciation in year one, P3 argues the decision demonstrates an appropriately conservative approach in the face of uncertain tax treatment.[127] P3 argues that PJM's consultants correctly recognize that the magnitude of today's capital costs make it unrealistic for merchant developers to absorb the full amount of bonus depreciation immediately, particularly given limited taxable income and the absence of a mature market for monetizing depreciation-only tax attributes. P3 argues that by phasing in the tax benefits over time and adjusting their present value accordingly, PJM has prudently avoided artificially lowering Gross CONE. P3 argues that this methodological choice materially mitigates the risk of understatement and reflects conditions developers face when financing new gas-fired capacity.

c. Answers

64. PJM contends that IMM's arguments that PJM has overestimated Gross CONE do not show that PJM's proposal is unjust and unreasonable.[128] PJM states that capital expenditure schedules affect the Gross CONE calculation because "the more capital that is incurred earlier, the higher the carrying costs, and thus, the higher the total installed project cost of developing a new resource."[129] PJM states that, consistent with past Gross CONE studies, Brattle modeled capital expenditures closer to the time of construction relative to IMM's earlier project timeline.[130] PJM states that Brattle's model accounts for "current tight market conditions with long lead-times for major critical path equipment," and the tight market "ha(s) resulted in reservation fees and more front-loaded payment schedules for turbines and other major equipment provided by the [Original Equipment Manufacturers]."[131] PJM asserts that Brattle reached its overall capital drawdown schedule based on actual recent and ongoing projects for which S&L is serving as owners' engineers, and validated the payment schedule for major equipment through

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[127] *Id.* at 8.

[128] PJM Answer at 4.

[129] *Id.* at 6.

[130] *Id.* (citing PJM Answer, attach. A (Answer Affidavit of Dr. Samuel A. Newell, Dr. Andrew W. Thompson, Dr. Bin Zhou, and Joshua C. Junge) at ¶ 7 (Brattle Rebuttal Aff.)).

[131] *Id.* (quoting Brattle Rebuttal Aff. ¶ 8).

extensive dialogue with GE, the equipment manager.[132] PJM reiterates that Brattle/S&L found that the tight market for turbines and other major components has lengthened the project development period by 24 months since the 2022 PJM Periodic Review, and PJM notes that it selected Brattle and S&L as experts precisely because of their technical expertise and experience working with project developers to build new generation resources.[133] PJM states that IMM's Gross CONE values, by contrast, initially assumed a 37-month total project schedule, which was later adjusted to 65 months without support beyond indicating that "discussions with GE have resulted in the conclusion."[134]

65. Regarding bonus depreciation, PJM explains that Brattle estimated the taxable income of four publicly traded IPPs in PJM over the most recent three years (2022-2024) and found that all but one had much lower taxable income than the cost of a single CT project.[135] PJM further states that Brattle consulted with experienced tax advisors in the energy space to determine whether IPPs could monetize the full value of bonus depreciation right away by structuring arrangements with tax equity investors, and concluded that it is unrealistic for an IPP to realize bonus depreciation more quickly than its own taxable income allows because "no market has been developed for depreciation-only investment structures with partner entities the way it has for clean energy tax credits."[136] Accordingly, PJM explains, Brattle assumed a seven-year straight line as a reasonable approximation for CT plants, which "is mathematically equivalent to a 40/60 weighted average between the Min and Max CONE benchmarks."[137] PJM also notes that

[132] *Id.* at 6-7 (citing Brattle Rebuttal Aff. ¶ 8).

[133] *Id.* at 7 (citing Brattle/S&L CONE Aff. ¶ 45).

[134] *Id.* at 7-8 (citing PJM, Monitoring Analytics, *Quadrennial Review Issues*, 6, 14 (May 19, 2025), https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250519-special/item-01c---imm-mic-quadrennial-review-perspective.pdf; quoting PJM, *IMM Gross and Net CONE Impact of Extended Project Schedule*, 2 (Sept. 10, 2025), https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250910-item-02-1b---quadrennial-review-proposal---imm.pdf).

[135] *Id.* at 8 (citing Brattle Rebuttal Aff. ¶ 13).

[136] *Id.* at 9 (quoting Brattle Rebuttal Aff. ¶ 14).

[137] *Id.* (quoting Brattle Rebuttal Aff. ¶ 15).

both LS Power and P3 have corroborated PJM's finding that it is unrealistic for IPPs to absorb the full amount of bonus depreciation in year one.[138]

66. IMM responds to PJM by reiterating its arguments regarding PJM's assumptions for project timeline, drawdown schedule, and 100% bonus depreciation. IMM argues that its proposed project timeline of 65 months reflects both the time required for development and the extended delivery time for the CT as reported by GE.[139] Regarding the drawdown schedule, IMM argues that its proposed drawdown schedule is based on what GE requires, a fact that PJM does not address.[140] In response to PJM's contention that CT developers are too small to take advantage of 100% bonus depreciation, IMM contends that PJM ignores the realities of competitive markets and ignores the facts about how to monetize such tax benefits.[141]

d. Determination

67. We find that PJM's proposed Tariff revisions in section 5.10 of attachment DD setting the estimates of Gross CONE for each CONE Area of the Reference Resource for the 2028/2029 delivery year and subsequent delivery years and annual adjustments are just and reasonable and not unduly discriminatory or preferential. We find that PJM's Gross CONE calculation is based on reasonable assumptions founded on sound principles and consultation with engineering firms, consultants, and manufacturers.

68. We agree with PJM that it is reasonable to assume that the Reference Resource may not generate enough taxable revenue to take advantage of 100% bonus depreciation in year one. We disagree with IMM's argument that a profit-maximizing IPP would fully utilize the 100% bonus depreciation in the first year, because IMM has not demonstrated that an IPP would reasonably expect the Reference Resource to have enough taxable revenue in the first year—or access to an alternative instrument—to enable it to take advantage of the full value of bonus depreciation. While we agree that a profit-maximizing developer would seek to utilize the bonus depreciation as quickly as possible, it must have sufficient taxable revenue to take full advantage of the bonus depreciation in year one, and IMM has not demonstrated that such an assumption is reasonable. As PJM points out, the projected cost of developing the Reference Resource has gone from $270 million in 2018 to $670 million, and no market has developed for depreciation-only investment structures that would enable parties without sufficient

[138] *Id.* at 9-10 (citing LS Power Comments at 10; P3 Comments at 8).

[139] IMM Answer at 4.

[140] *Id.* at 5.

[141] *Id.* at 6.

taxable revenues to take full advantage of the bonus depreciation in year one.[142] Furthermore, as PJM explains, Brattle consulted with experienced tax advisors in the energy space to determine whether IPPs could monetize the full value of bonus depreciation right away by structuring arrangements with tax equity investors, and Brattle concluded that it is unrealistic for an IPP to realize bonus depreciation more quickly than its own taxable income allows.[143] Therefore, we find that PJM's use of a seven-year straight line depreciation is a reasonable estimate of the depreciation schedule a developer of the proposed Reference Resource may use.

69. We similarly find that PJM's proposal to use a 44-month project timeline and capital drawdown schedule is just and reasonable. Although IMM argues that PJM's assumption of a 44-month timeline is unrealistic given the current market for turbines and other equipment, we find that PJM has sufficiently justified its assumption as reasonable based on analysis submitted by Brattle/S&L. Specifically, as PJM explains, S&L based the 44-month project timeline on S&L's recent and ongoing experience as owner's engineer for several similar plants and through conversations with GE, a combustion turbine manufacturer.[144] Further, we note that GE validated PJM's project schedule assumption embedded in the capital drawdown schedule for a CT Reference Resource.[145] We disagree with the IMM's argument that the proposed drawdown schedule is unrealistically front-loaded. As PJM further explains, Brattle accounted for the current tight market conditions with long lead-times for major critical path equipment, which has resulted in reservation fees and more front-loaded payment schedules for major equipment.[146] We find that Brattle reached its overall capital drawdown schedule based on actual recent and ongoing projects for which S&L served as owners' engineers, and validated the payment schedule for major equipment through dialogue with GE, the equipment manager.

70. Having found PJM's proposed methodology for calculating estimates of Gross CONE just and reasonable, we do not need to determine whether IMM's proposed alternative methodology is also just and reasonable.[147]

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[142] Transmittal at 31; PJM Answer at 9 (citing Brattle Rebuttal Aff. ¶ 14).

[143] *See* Brattle Rebuttal Aff. ¶ 14.

[144] Transmittal at 33; *see also* PJM Answer at 6-7.

[145] *Id.*; *see also* Brattle Rebuttal Aff. ¶ 8.

[146] PJM Answer at 6 (citing Brattle Rebuttal Aff. ¶ 8).

[147] *See supra* note 102.

4. Energy and Ancillary Services Offset

a. PJM Filing

71. PJM states that its Tariff directs PJM to estimate the net EAS revenues that the Reference Resource is projected to receive from the PJM EAS markets using a forward-looking approach.[148] PJM explains that its approach is grounded in forward energy and fuel prices at liquid trading points for the subject delivery year, forecasts EAS revenues using a Projected EAS Dispatch Model, and employs a similar co-optimization approach as PJM's day-ahead and real-time EAS markets to determine EAS revenues for the Reference Resource.

72. PJM proposes to change two aspects regarding EAS Offsets: (1) PJM proposes to switch from a simple average to the 67th percentile of the set of zonal EAS Offsets to determine the EAS Offset used in VRR Curves for multi-zonal Locational Deliverability Areas and for the PJM region; and (2) PJM proposes to update how variable operating and maintenance (VOM) expenses are used in the EAS Offset.[149] First, PJM explains that because it is proposing to move away from a simple Net CONE to determine the VRR Curve and instead will rely on the separate components of Gross CONE and EAS Offset, PJM must determine individually the Gross CONE value and EAS Offset value for each multi-zonal Locational Deliverability Area. PJM proposes that the Gross CONE will continue to be based on the simple averages of the Gross CONE applicable to each zone. For the EAS Offset for multi-zonal Locational Deliverability Areas and the PJM region, PJM proposes to use the 67th percentile of the applicable zonal EAS Offset values.[150] PJM asserts that using the 67th percentile of the EAS Offset values will help limit estimation errors, thus mitigating misestimation risk in Net CONE values and allowing VRR Curves to better maintain reliability.[151]

73. Second, for the VOM expenses used to calculate the EAS Offset, PJM proposes updating the methodology in the Tariff to be based on the estimated run-hours a year, rather than based on the estimated starts a year.[152] Brattle explains that PJM's dispatch projections for the Reference Resource are sufficiently high that the major maintenance

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[148] Transmittal at 64 (citing PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.10 (35.0.0), § 5.10(a)(v-1)).

[149] *Id.* at 65.

[150] *Id.* at 66.

[151] *Id.*

[152] *Id.* at 68.

variable costs are more accurately modeled following an hours-based maintenance regime, rather than starts-based.[153] PJM states that it is revising its Tariff to update the VOM expense to $2.65/MWh and removing the $/startup input.

b. Comments and Protest

74. IMM protests PJM's calculation of major maintenance. IMM explains that for the same dispatch profile, a higher VOM results in lower EAS revenues (and higher Net CONE) than with a lower VOM. IMM explains that the better way to calculate major maintenance is by iterating dispatch runs until the major maintenance used aligns with the run profile of the Reference Resource.[154] IMM states that PJM's consultant Brattle calculates major maintenance by assuming a run profile, determining what major maintenance would be for that run profile, and setting that level of major maintenance as fixed. IMM argues that this method does not account for the circular nature of including major maintenance in the energy offers. According to IMM, if the Reference Resource's run profile differs significantly from Brattle's initial assumptions, the major maintenance will be too high or too low. IMM states that, due to a "slightly different" run profile, IMM's estimate of VOM, $5.30/MWh, is twice as large as Brattle's estimate of $2.65/MWh.

c. Answers

75. PJM argues that IMM's VOM estimate relies on a theoretical iterative dispatch model that ignores the actual engineering and commercial realities of the Reference Resource.[155] By contrast, PJM contends, Brattle modeled an hours-based (MWh-based) regime and identified VOM for a 40% capacity factor as a representative value for the diversity of areas in PJM. PJM states that S&L then relied on a quote from an original equipment manufacturer for charges under a long-term service agreement given a 40% capacity factor and applied this to all areas. PJM states that this resulted in $1.93/MWh, which, when combined with other cost components resulted in a total variable major maintenance cost of $1.98/MWh.[156] PJM states that by summing verified variable fees and outage milestone payments (approximately $1.98/MWh) with consumable costs (approximately $0.66/MWh), PJM's calculation results in a VOM of $2.65/MWh, which

[153] Brattle VRR Curve Aff. ¶ 39 & n.38 (explaining how Brattle estimated VOM).

[154] IMM Protest at 9.

[155] PJM Answer at 20.

[156] *Id*. (citing Brattle Rebuttal Aff. ¶ 16).

reflects the actual contractual costs a developer would face.[157] PJM argues that, by contrast, IMM's inflated estimate artificially suppresses the EAS Offset by imposing maintenance costs that are inconsistent with the unit's operational profile.

76. In response to PJM's answer, IMM reiterates its argument that PJM's proposal to update the VOM used in the EAS Offset is not just and reasonable because, IMM asserts, its approach of calculating VOM by iterating dispatch runs is better than Brattle's approach of assuming a run profile for the Reference Resource.[158]

d. Commission Determination

77. We find that PJM's proposed EAS Offset is just and reasonable and not unduly discriminatory or preferential and that PJM appropriately followed its Tariff in calculating the EAS Offset using a forward-looking methodology. We therefore accept PJM's proposed Tariff revisions in section 5.10 of attachment DD specifying the EAS Offset calculation methodology for the 2028/2029 delivery year and subsequent delivery years.

78. We disagree with IMM's argument that PJM's estimate of VOM to calculate the EAS Offset is unjust and unreasonable because Brattle calculates major maintenance by assuming a run profile for the Reference Resource. We find that PJM's approach is reasonable and sufficiently supported.[159] As Brattle explains, based on PJM's EAS simulations, Brattle calculated VOM for a 40% capacity factor as a representative value for the diversity of areas in the PJM region. To support that VOM value, S&L relied on a quote from an original equipment manufacturer for charges under a long-term service agreement given a 40% capacity factor.[160] We find this approach produces a modeled

[157] *Id*. (citing Brattle CONE Aff. ¶ 39).

[158] IMM Answer at 8-9.

[159] *See* Brattle CONE Aff. ¶ 39 & n.38 (explaining how Brattle estimated VOM).

[160] Brattle Rebuttal Aff. ¶ 16. Brattle recognized that payments can be structured in a "starts-based" regime for plants with relatively large number of starts and a lower capacity factor, or an "hours-based" regime for those with higher capacity factors and fewer starts, but the rates per relevant determinant may vary somewhat with operating profiles. Because PJM's EAS simulations indicated high capacity factors for CT plants, Brattle chose to use an hours-based (MWh-based) regime and, given the limited run time for a CT unit, identified VOM for a 40% capacity factor as a representative value for the diversity of areas in PJM.

VOM value that PJM can reasonably use when calculating EAS Offsets for each zone in the PJM region.

The Commission orders:

PJM's proposed Tariff revisions are hereby accepted, effective January 23, 2026.

By the Commission. Commissioner Rosner is concurring with a separate statement attached.

(S E A L)

Debbie-Anne A. Reese,
Secretary.

Appendix – Tariff Records

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

- R-S, OATT Definitions -- R - S (43.0.0), http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=365267.
- OATT ATT DD.5.10, OATT ATTACHMENT DD.5.10 Auction Clearing Requirements (36.0.0), http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=365268.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C. Docket No. ER26-455-000

(Issued January 21, 2026)

ROSNER, Commissioner, *concurring*:

1. I support today's order approving PJM's revised capacity market demand curve because PJM has provided robust support to demonstrate that it is just and reasonable. I write separately to commend PJM and its stakeholders for crafting a demand curve that earned supermajority support from PJM stakeholders—a true feat when PJM's capacity market is making national headlines.

2. Achieving a workable capacity market requires both a solid economic foundation *and* buy-in from the people that finance, build, permit, and pay for generation. A market design straight out of an economics textbook will not work if the people who that market serves do not believe in it. And a market design that conflicts with the hard lessons underpinning economic theory will never succeed. Credit where credit is due, this filing gets the balance right. PJM should make its approach in developing this filing with stakeholders a template for the future, and work to develop a long-term vision and strategy for its market that earns buy-in from across its membership and its states. A market that people believe in is a market that people will invest in to deliver the new generation PJM customers so badly need.

3. But PJM market price signals cannot do the job alone. Given states' authority over siting generation and transmission, Public Utility Commissioners, governors' offices, and state legislatures are all necessary partners in any effort to ensure energy infrastructure is built out at the pace needed to stay ahead of load growth and keep energy affordable and reliable for PJM customers. Just as PJM must earn buy-in from its states and its members to achieve durable market rules, we depend on PJM states, load-serving entities, and developers to take the financing, procurement, permitting, and construction steps needed to turn PJM market signals into steel in the ground. The PJM market is intended to support these efforts — not supplant them.

4. So, in parallel to today's update to the demand curve, PJM and its states must pursue consensus-driven solutions that can bring supply and demand back into balance as soon as possible. Case in point: I'm encouraged that the bipartisan governors of all thirteen PJM states and the National Energy Dominance Council recently proposed seven principles that they believe should drive PJM's addition of needed generation in the short term and PJM's return to market fundamentals in the long term, while protecting

consumers.[1] On the same day, the PJM Board released its own proposal[2] that, while not identical, shares a great deal in common with the governors' vision for their region, including calls for: (1) an immediate reliability backstop auction to procure generation capacity on a multi-year basis;[3] (2) significant load forecasting improvements;[4] (3) expedited generator interconnection;[5] and (4) a holistic review of PJM's market design. I look forward to considering the proposals PJM ultimately files with the Commission after deliberating with its stakeholders, based on the full record that comes before us. In the meantime, I urge the states to expeditiously pursue their own procurement and permitting reforms to get new generation and transmission built and demand response programs up and running.[6]

5. None of this is easy. But PJM's filing in this docket shows that, when parties prioritize consensus, hard things get a lot easier. I am thankful for this outcome that we

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[1] *See* Statement of Principles Regarding PJM, https://www.energy.gov/documents/statement-principles-regarding-pjm.

[2] *See* PJM, Board Decisional Letter on Critical Issue Fast Path - Large Load Additions, at 5-6, https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2026/20260116-pjm-board-letter-re-results-of-the-cifp-process-large-load-additions.pdf.

[3] *See* PJM, Intra-PJM Tariffs, Tariff, attach. DD, § 16 (Reliability Backstop).

[4] *See also* Chairman Rosner's Letter to the RTOs/ISOs on Large Load Forecasting, https://www.ferc.gov/news-events/news/chairman-rosners-letter-rtosisos-large-load-forecasting; PJM 2026 Load Forecast Report, https://www.pjm.com/-/media/DotCom/library/reports-notices/load-forecast/2026-load-report.pdf.

[5] *See also* Commissioner Rosner's Letters to ISOs/RTOs Regarding Interconnection Automation, https://www.ferc.gov/news-events/news/commissioner-rosners-letters-isosrtos-regarding-interconnection-automation.

[6] In the most recent capacity auction for the 2027/2028 delivery year, approximately 7.8 GW of demand response secured a capacity commitment, representing approximately 4.7% of forecasted peak demand. *See* PJM, 2027/2028 Base Residual Auction Report, at 13, https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2027-2028/2027-2028-bra-report.pdf. The most recent estimate of demand response activity in PJM shows that only 3.4% of demand response was associated with retail service or residential demand response, suggesting there remain persistent barriers for retail and residential customers. *See* PJM, 2024 Demand Response Operations Markets Activity Report: March 2025, at Figs. 1, 6, https://www.pjm.com/-/media/DotCom/markets-ops/dsr/2024-demand-response-activity-report.pdf.

approve today and, moving forward, I encourage all stakeholders in PJM to keep it up for the sake of the 67 million PJM customers that depend on you for a reliable and affordable grid.

For these reasons, I respectfully concur.

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David Rosner
Commissioner

Document Content(s)