

195 FERC ¶ 61,253
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

June 26, 2026

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER26-2319-000

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

Attention: Daniel Vinnik

Dear Mr. Vinnik:

1. On April 27, 2026, pursuant to section 205 of the Federal Power Act (FPA)¹ and part 35 of the Commission's regulations,² PJM Interconnection, L.L.C. (PJM) filed proposed revisions to the PJM Open Access Transmission Tariff (Tariff) and the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (RAA) to create rules for assessing charges and allocating bonuses for Demand Resources³ and Price Responsive Demand (PRD)⁴ (collectively, Load Response)

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2025).

³ A Demand Resource is "a resource with the capability to provide a reduction in demand." PJM, Intra-PJM Tariffs, OATT, § I.1 (C-D, OATT Definitions) (40.1.1).

⁴ Price Responsive Demand is an "end-use customer load registered by a PRD Provider pursuant to Reliability Assurance Agreement, Schedule 6.1 that have, as set forth in more detail in the PJM Manuals, the metering capability to record electricity consumption at an interval of one hour or less, Supervisory Control capable of curtailing such load (consistent with applicable RERRA requirements) at each PRD Substation identified in the relevant PRD Plan or PRD registration in response to a Maximum Generation Emergency declared by the Office of the Interconnection (prior to 2022/2023 Delivery Year) or a Performance Assessment Interval that triggers a PRD performance assessment (effective with 2022/2023 Delivery Year), and a retail rate structure, or equivalent contractual arrangement, capable of changing retail rates as frequently as an hourly basis, that is linked to or based upon changes in real-time Locational Marginal

resources when they are dispatched by PJM during an event that falls short of triggering a Performance Assessment Interval (PAI).⁵ As discussed below, we accept PJM's filing, effective June 27, 2026, as requested.

2. PJM states that, in the 2025/2026 Delivery Year, it observed that Load Response resources did not perform as well as expected despite enhanced testing rules.⁶ PJM explains that, during the Summer 2025 season, Demand Resources performed at an overall weighted average of 67% of their Installed Capacity (ICAP) and 83% of their Accredited Unforced Capacity (UCAP).⁷ PJM explains that performance was significantly lower than in prior years and lower than the overall test results of 103% of the Load Response's ICAP for the 2024/2025 Delivery Year.

3. PJM states that it proposes to enhance the performance of Load Response resources by implementing rules to recoup payments for reductions in demand that were paid for by load in PJM through capacity payments in the Reliability Pricing Model (RPM) but were not achieved by Load Response resources when actually called upon.⁸ PJM states that its proposal adapts the existing Non-Performance Charge framework for PAIs to Emergency Action periods during which Load Response resources are called on. PJM defines this new Non-PAI Event as "any intervals when a Demand Resource is dispatched or when [PRD] is required to respond and a Performance Assessment Interval is not in effect for such intervals for the same registration."⁹ PJM states that Non-PAI Events shall be effective for the 2028/2029 Delivery Year and subsequent Delivery Years. PJM proposes to define Non-Curtailment Charges for Load Response resources

Prices at a PRD Substation level and that results in a predictable automated response to varying wholesale electricity prices." PJM, Intra-PJM Tariffs, RAA, art. (Definitions) (44.2.1)

⁵ See Appendix for tariff records. Capitalized terms used but not otherwise defined in this order have the meanings ascribed to them in the OATT.

⁶ Transmittal at 8.

⁷ *Id.* (citing PJM, Load Management and PRD Performance Proposed Solution 15 (Mar. 25, 2026), <https://www.pjm.com/-/media/DotCom/committees-groups/committees/mrc/2026/20260325/20260325-item-04---1load-management-and-prd-performance-solution---presentation.pdf>).

⁸ *Id.* at 13.

⁹ *Id.*

during a Non-PAI Event as “the charge applicable to Demand Resources and [PRD] as defined in Tariff, Attachment DD, section 10B(b).”¹⁰

4. PJM proposes to add a new section within Tariff, Attachment DD, section 10B that will be effective with the 2028/2029 Delivery Year to explain the rules for Non-Curtailment Charges during Non-PAI Events.¹¹ PJM states that proposed Attachment DD, section 10B(a) provides the formula for the calculation of the expected performance of any such committed Demand Resource or PRD Provider, as well as the magnitude of any such shortfall: a “Performance Shortfall” shall equal the “Expected Curtailment – Actual Curtailment.” PJM states that Attachment DD, section 10B(b) also provides the formula to calculate Non-Curtailment Charges for Load Response with a positive Performance Shortfall (i.e., underperformance) during a Non-PAI Event. PJM explains that a Non-Curtailment Charge is calculated by calculating 50% of the product of the Performance Shortfall and Non-Performance Charge Rate, which is specified in Attachment DD, section 10A(e).¹²

5. Proposed Attachment DD, section 10B(c) explains how revenues collected from the assessment of Non-Curtailment Charges are allocated between Curtailment Service Providers and PRD Providers that overperformed and Load Serving Entities who paid capacity prices associated with that Load Response resource reduction. PJM explains that, if overperformers exceed performance shortfalls such that the total amount of Load Response that was provided during a Non-PAI Event meets or exceeds the amount of demand reduction that was dispatched by PJM, then the entirety of the revenues collected from underperformers shall be allocated to overperformers. PJM states, however, that if the sum of positive shortfalls are greater than the sum of negative shortfalls (i.e., Load Response resources underperformed overall), then the Non-Curtailment Charges collected, after the allocation to any overperformers as described above, shall be distributed on a pro-rata basis to Load Serving Entities that were charged a Locational Reliability Charge on the Non-PAI Event day.¹³

6. PJM proposes to specify in Attachment DD, section 10A(f-1) that the stop-loss associated with any Non-Performance and Non-Curtailment Charges for any given

¹⁰ *Id.* at 13-14.

¹¹ *Id.* at 16.

¹² *Id.* at 17.

¹³ *Id.* at 18.

Delivery Year will not exceed 1.5 times the Base Residual Auction clearing price for such Delivery Year.¹⁴

7. PJM proposes changes to Attachment DD, section 11A(b)(A-1), which explains how Demand Resource test failure charges are calculated for Annual Demand Resources, and Attachment DD, section 11A(b)(B-1), which explains the same for Summer-Period Demand Resources.¹⁵ PJM clarifies that, for Demand Resources, testing rules shall be effective for Non-PAI Events, beginning with the 2028/2029 Delivery Year. PJM further clarifies that a test is not required, and no test performance result will be used for a Delivery Year if the Demand Resource registration is dispatched during that Delivery Year and assessed for performance during a Non-PAI Event.

8. PJM also proposes conforming changes to certain existing definitions in the RAA, including the definitions of Firm Service Level and PRD. For Firm Service Level, PJM proposes to: (1) delete the phrase “for the 2022/2023 Delivery Year and subsequent Delivery Years” as it is now superfluous; (2) delete the condition that reduction of Firm Service Level is only triggered when “an Emergency Action that triggers [a PAI] is declared” because the Firm Service Level will now apply during Non-PAI Events; and (3) clarify Firm Service Level is not “the predetermined level *for* which an end-use customer’s load shall be reduced” but rather the “the predetermined level *to* which an end-use customer’s load shall be reduced.”¹⁶ For PRD, PJM proposes to clarify that terms apply to PAI and Non-PAI Events (i.e., PJM proposes to remove the reference to PRD only being triggered in response to “a Maximum Generation Emergency declared by the Office of the Interconnection (prior to the 2022/[2023] Delivery Year)”; and remove the reference to PRD responding to a PAI “effective with the 2022/2023 Delivery Year” as it is now superfluous.¹⁷ Finally, PJM proposes conforming revisions to RAA, Schedule 6, RAA, Schedule 6.1, and RAA, Schedule 8.1, and conforming references in Attachment DD, section 5.3 and Attachment DD, section 5.5A.¹⁸

9. Notice of PJM’s filing was published in the *Federal Register*, 91 Fed. Reg. 23412 (May 1, 2026), with interventions and protests due on or before May 18, 2026. American Electric Power Service Corporation; Buckeye Power, Inc.; Constellation Energy Generation, LLC.; Enel X North America, Inc.; Illinois Municipal Electric Agency;

¹⁴ *Id.* at 19.

¹⁵ *Id.* at 20.

¹⁶ *Id.* at 14 (emphasis in original).

¹⁷ *Id.* at 15.

¹⁸ *Id.* at 21-21.

Monitoring Analytics as Independent Market Monitor for PJM; PJM Industrial Customer Coalition (PJMICC); PPL Electric Utilities Corporation; and Rockland Electric Company filed timely motions to intervene. New Jersey Board of Public Utilities filed a timely notice of intervention. On May 18, 2026, PJMICC filed comments. On May 20, 2026, Old Dominion Electric Cooperative filed a late motion to intervene.

10. PJMICC supports PJM’s proposed revisions and states that Load Response programs are an important component of addressing resource adequacy challenges and will become increasingly important over time.¹⁹ PJMICC further states that PJM’s proposal would reorient incentives, encourage market participation in Load Response, and encourage performance.²⁰

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

12. Pursuant to Rule 214(d) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant Old Dominion Electric Cooperative’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.

13. We accept PJM’s revisions to the Tariff and RAA as just and reasonable and not unduly discriminatory or preferential, effective June 27, 2026, as requested.

14. We find that the proposed penalties are just and reasonable because they incentivize Load Response resources to be available without being overly punitive.²¹ Currently, Load Response resources are not subject to any penalties for performance outside of a PAI Event, other than for testing requirements. We find that PJM’s proposal to add a Non-Curtailment Charge will incentivize Load Response resources to perform during Non-PAI Events or face a penalty charge. We find PJM’s proposal to match the Non-Curtailment Charge to the severity of Non-PAI Events to be just and reasonable because, as PJM explains, it “utilizes a 50% multiplier to appropriately reflect that such events may be twice as common” as PAI events “and will occur during less stressful grid situations than during a PAI event.”²²

¹⁹ PJMICC Comments at 2-4.

²⁰ *Id.* at 4-7.

²¹ *See PJM Interconnection L.L.C.*, 186 FERC ¶ 61,080, at P 205 (2024).

²² Transmittal at 17.

15. We also find that it is just and reasonable to extend the stop-loss cap rules and testing rules to Non-PAI Events. The stop-loss cap limit provides sellers a consistent level of risk exposure—150% of capacity market revenues—across a range of market conditions. The Commission has already found the stop-loss cap to be just and reasonable in the PAI context,²³ finding that it would “give resources a strong incentive to perform during times of system stress” and would ensure “that providing capacity in PJM’s capacity construct, which risks exposure to non-performance penalties, is an economically viable option for capacity resources.”²⁴ The same justification for using real-time performance data during a PAI applies to Non-PAI Events, since real-time performance can be more indicative of true performance ability during system stress, as shown by PJM.²⁵

16. Finally, we find PJM’s proposal regarding the allocation of revenues PJM receives from Non-Curtailment Charges to be just and reasonable. As PJM notes, the allocation of bonuses to overperformers provides an incentive for Load Response to continue acting in such a way that Load Serving Entities receive the total curtailment service they paid for through Local Reliability charges. Additionally, if Load Serving Entities are not provided the full curtailment service they paid for, it follows that Load Serving Entities should be appropriately compensated.²⁶

By direction of the Commission.

Carlos D. Clay,
Deputy Secretary.

²³ *PJM Interconnection L.L.C.*, 186 FERC ¶ 61,080 at PP 205, 234-36.

²⁴ *Id.* P 235.

²⁵ Transmittal at 8-9.

²⁶ *Id.* at 18.

Appendix – Tariff Records

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

- [L-M-N, OATT Definitions - L - M - N \(53.0.0\)](#)
- [ATTACHMENT DD.5.3A, OATT ATTACHMENT DD.5.3A Locational UCAP Bilateral Transactio \(7.0.0\)](#)
- [ATTACHMENT DD.5.5A, OATT ATTACHMENT DD.5.5A Capacity Resource Types \(12.0.0\)](#)
- [ATTACHMENT DD.8, OATT ATTACHMENT DD.8. CAPACITY RESOURCE DEFICIENCY CHARGE \(12.0.0\)](#)
- [ATTACHMENT DD.10A, OATT ATTACHMENT DD.10A CHARGES FOR NON-PERFORMANCE AND CREDI \(17.0.0\)](#)
- [ATTACHMENT DD.10B, OATT ATTACHMENT DD.10B CHARGES AND CREDITS FOR CURTAILMENT \(0.0.0\)](#)
- [ATTACHMENT DD.11A, OATT ATTACHMENT DD.11A LOAD MANAGEMENT TEST FAILURE CHARGE \(12.0.0\)](#)
- [ATTACHMENT DD-1, OATT ATTACHMENT DD-1 \(26.0.0\)](#)
- [RAA ARTICLE 1, RAA ARTICLE 1 -- DEFINITIONS \(55.0.0\)](#)
- [RAA SCHEDULE 6, RAA SCHEDULE 6 \(26.0.0\)](#)
- [RAA SCHEDULE 6.1, RAA SCHEDULE 6.1 \(11.0.0\)](#)
- [RAA SCHEDULE 8.1.C, RAA SCHEDULE 8.1.C-Election, and Termination of Election \(8.0.0\)](#)
- [RAA SCHEDULE 8.1.G, RAA SCHEDULE 8.1.G-Capacity Resource Performance \(16.0.0\)](#)