196 FERC ¶ 61,062
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. ER26-2651-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued July 24, 2026)

1. On May 27, 2026, pursuant to section 205 of the Federal Power Act (FPA),[1] PJM Interconnection, L.L.C. (PJM) submitted proposed revisions to section III.D.1 of Attachment Q of its Open Access Transmission Tariff (Tariff) to increase the minimum capitalization threshold required to be eligible to participate in PJM markets.[2] In this order, we accept the proposed Tariff revisions, effective July 27, 2026, as discussed below.[3]

I. **Background**

2. In 2010, the Commission issued Order No. 741,[4] which set minimum standards for several aspects of credit policy in the Regional Transmission Organization/Independent System Operator (RTO/ISO) markets aimed at reducing the mutualized default risk that market participants face. The Commission recognized that minimum criteria for market participation can help reduce the mutualized credit risk posed by inadequately prepared or undercapitalized participants.[5] Although the Commission required RTOs/ISOs to

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[1] 16 U.S.C § 824d.

[2] See appendix for tariff records.

[3] All capitalized terms that are not otherwise defined herein have the meaning defined in the Tariff.

[4] *Credit Reforms in Org. Wholesale Elec. Mkts.*, Order No. 741, 133 FERC ¶ 61,060 (2010), *order on reh'g*, Order No. 741-A, 134 FERC ¶ 61,126 (2011), *reh'g denied*, Order No. 741-B, 135 FERC ¶ 61,242 (2011).

[5] Order No. 741, 133 FERC ¶ 61,060 at P 123.

specify minimum participation criteria (such as minimum capitalization requirements) in their tariffs, the Commission did not require specific criteria and instead directed RTOs/ISOs to develop minimum participation criteria through the stakeholder process.[6]

3. On September 15, 2011, the Commission approved PJM's current minimum capitalization requirements as part of PJM's compliance filing for Order Nos. 741 and 741-A.[7] Market participants may satisfy PJM's current minimum capitalization requirements by meeting either the Tangible Net Worth threshold or the Tangible Asset Threshold. With respect to Financial Transmission Rights (FTR) market participants, the Tangible Net Worth threshold is $1 million, and the Tangible Asset Threshold is $10 million. With respect to other market participants, the Tangible Net Worth threshold is $500,000, and the Tangible Asset Threshold is $5 million.[8] Alternatively, market participants may satisfy PJM's minimum capitalization requirements through the presentation of acceptable Corporate Guaranty.[9] Finally, market participants that do not satisfy the minimum capitalization requirements may still qualify to participate in PJM markets by posting collateral.[10]

II. Filing

4. PJM states that its minimum capitalization requirements have remained fixed for 15 years and that their real value has been eroded over time as PJM's markets have grown in scale, complexity, and participation.[11] PJM explains that inflation—averaging approximately 3% per year during the past 15 years—has reduced the effectiveness of the existing thresholds as a credit-risk mitigation tool. PJM argues that, given these market and economic developments, it is reasonable and necessary to update minimum capitalization requirements periodically, and in a transparent manner, to ensure that the requirements remain effective under changing economic conditions.

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[6] *Id.* P 132.

[7] *PJM Interconnection, L.L.C.*, 136 FERC ¶ 61,190 (2011).

[8] PJM, Intra-PJM Tariffs, OATT, attach. Q (Credit Management Policy), § III (Minimum Participation Requirements) (0.0.0), § D.1 (Minimum Capitalization).

[9] *Id.* The Guarantor must meet the minimum capitalization requirements. *Id.*

[10] *Id.* § D.2 (Provision of Collateral).

[11] Transmittal at 4.

5. PJM asserts that the proposed Tariff revisions will reduce risk in PJM markets by limiting exposure to undercapitalized participants.[12] PJM contends that increasing the minimum capitalization requirements will directly enhance a Market Participant's ability to absorb losses and decrease the likelihood of insolvency.[13] Through these revisions, PJM states that it will be able to better manage the risk in its markets as the minimum capitalization requirements will be high enough to appropriately protect the markets while low enough to not present an unreasonable barrier to entry.[14]

6. First, PJM proposes to increase the Tangible Net Worth threshold for FTR market participants from $1 million to $2 million.[15] PJM explains that this increase is within the range of existing Tangible Net Worth thresholds for FTR market participants in other RTOs/ISOs, which range from $1 million, such as in the Electric Reliability Council of Texas (ERCOT) and Midcontinent Independent System Operator (MISO), to $10 million in Southwest Power Pool, Inc. (SPP).[16] PJM states that PJM and its stakeholders also considered the impact of inflation on the current Tangible Net Worth to inform the reasonableness of the proposed Tariff revisions and asserts that, accounting for inflation, the current threshold of $1 million would need to be $1,557,967 expressed in 2026 dollars to achieve the same effects as 2011.[17] Accordingly, PJM argues that it is reasonable that PJM's minimum capitalization components are periodically modified to reflect inflationary pressures and evolving financial risks.

7. Second, PJM proposes to increase the Tangible Net Worth threshold for other market participants from $500,000 to $2 million.[18] PJM asserts that the proposed

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[12] *Id.* (citing Order No. 741, 133 FERC ¶ 61,060 at P 131).

[13] *Id.*

[14] *Id.* at 1-2.

[15] *Id.* at 6 (citing PJM, Proposed Intra-PJM Tariffs, OATT, attach. Q (Credit Management Policy), § III (Minimum Participation Requirements) (1.0.0), § III.D.1.a).

[16] *Id.* (citing PJM, Risk Management Committee, Item 2 - ISOs/RTOs Minimum Capitalization Comparison, at 8 (Sep. 26, 2025) (Tangible Net Worth and tangible assets among RTO/ISO), https://www.pjm.com/-/media/DotCom/committees-groups/committees/rmc/2025/20250926/20250926-item-02---minimum-capitalization.pdf).

[17] Calculated using a 3% fixed annual inflation factor. *Id.* at 7-8 (citing Jones Aff. ¶ 19, 21).

[18] *Id.* at 8-9.

revisions are reasonable and appropriate because, across RTOs/ISOs that apply separate thresholds for FTR market participants and other market participants, the thresholds for other market participants range from $500,000 in ERCOT and MISO to $1 million in SPP. PJM also states that the proposed $2 million threshold acknowledges the operational risk present in PJM markets and that a higher Tangible Net Worth is appropriate for all PJM market participants. PJM explains that inflation has eroded the $500,000 threshold to $320,931 in 2026 dollars, further warranting an increase in the threshold to meaningfully reduce risk.

8. Third, PJM proposes to provide a five-year ramping period for other market participants, under which the Tangible Net Worth threshold will equal $1 million on the implementation date, with an annual increase of $200,000 each year until the Tangible Net Worth threshold reaches $2 million.[19] PJM states that this ramping period will prevent financial shock and provides sufficient time for other market participants to plan to meet the proposed thresholds. Further, PJM states that market participants retain the alternative to demonstrate compliance with the minimum capitalization requirement by possessing the requisite tangible assets, allowing flexibility for market participants of various capital structures and balance sheets.[20]

9. PJM explains that the proposed Tariff revisions will result in both FTR and other market participants having the same minimum capitalization requirement of a Tangible Net Worth threshold of $2 million after the five-year ramping period.[21] PJM contends that this is consistent with Order No. 741, where the Commission directed the minimum criteria for market eligibility to apply to all market participants rather than only certain participants, and provided flexibility by allowing for all market participants to be held to the same minimum criteria.[22] PJM asserts that this uniform compliance standard will result in enhanced compliance abilities, comparability, and enable more robust risk management decision-making. PJM argues that this is appropriate because the minimum capitalization requirements establishing eligibility to participate in PJM's markets are not intended to correlate to a Market Participant's market activity. Moreover, PJM notes that California Independent System Operator Corporation, ISO New England Inc., and New York Independent System Operator, Inc. all have a single threshold to meet minimum capitalization requirements for all market participants.

[19] *Id.* at 9.

[20] *Id.* (citing PJM, Intra-PJM Tariffs, OATT, attach. Q. §III (0.0.0), § D.1.c).

[21] *Id.* at 10-11.

[22] *Id.* at 11-12 (citing Order No. 741, 133 FERC ¶ 61,060 at P 133; Order No. 741-A, 134 FERC ¶ 61,126 at P 33, n.43).

10. Fourth, PJM proposes Tariff revisions to include a 3% fixed adjustment rate to be applied annually to the Tangible Net Worth threshold beginning after the five-year ramp period (2032) and every year thereafter.[23] PJM proposes that after applying the annual 3% adjustment, the Tangible Net Worth be rounded to the nearest $50,000.[24] Accordingly, PJM explains that the Tangible Net Worth figures will increase to $2,250,000 in 2036 and further increase to $2,500,000 in 2041.[25] PJM contends that the proposed 3% adjustment rate aligns with the 10- and 20-year historical inflation averages from multiple indices.[26] Moreover, PJM states that its proposed revisions are transparent and do not discriminate against any type of Market Participant.[27] PJM contends that all market participants have confidence that the requirements are being applied on a non-discriminatory basis because the proposed threshold is clear and easily calculated in future years via a fixed percentage.

11. Fifth, PJM proposes Tariff revisions to require that a market participant's Tangible Net Worth be greater than zero, meaning that the market participant is a solvent entity with physical assets that exceed its liabilities.[28] Likewise, if a market participant is using a Corporate Guaranty to demonstrate compliance, the Guarantor is also required to have a Tangible Net Worth greater than zero.[29] PJM contends that the proposed requirement, in combination with other credit and risk management tools, reduces risk to PJM markets by requiring market participants to maintain stronger balance sheets, enabling them to better meet their performance and financial obligations.

12. Further, PJM proposes Tariff revisions requiring that if a market participant uses a Corporate Guaranty to meet the minimum capitalization requirements, the Corporate Guaranty amount must be at least the same amount as the applicable Tangible Net Worth threshold.[30]

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[23] *Id.* at 10; Proposed Tariff, attach. Q, § III.D.1.a, b.

[24] Transmittal at 6; Proposed Tariff, attach. Q, § III.D.1.a.

[25] Transmittal at 10.

[26] *Id.* (citing Jones Aff. at ¶ 22).

[27] *Id.* at 21.

[28] *Id.* at 12; Proposed Tariff, attach. Q, § III.D.1.c.

[29] Transmittal at 13; Proposed Tariff, attach. Q, § III.D.1.c.

[30] Transmittal at 13; Proposed Tariff, attach. Q, § III.D.1.

PJM states that the proposed revisions provide further clarity and flexibility for market participants to access PJM's markets.

13. Finally, PJM's proposed Tariff revisions include an implementation date for the new minimum capitalization requirements of the first December 31 following the effective date for the proposed Tariff revisions.[31] PJM explains that waiting for the end of fiscal year 2026 for the proposed requirements to take effect will allow a Market Participant to use its audited financial statements through fiscal year 2026 towards the Officer Certification process due on April 30, 2027, in which the Market Participation demonstrates that it meets the minimum capitalization requirements. In addition, PJM contends that this proposed timeframe provides adequate time and sufficient notice for market participants to make changes to meet the minimum capitalization thresholds, such as if they need to procure additional capital or Corporate Guaranty.[32]

14. PJM notes that its Tariff provides options for those entities who may not meet the minimum capitalization requirements to still participate in its markets, such as by posting Collateral, additional Collateral, and/or Restricted Collateral.[33] Additionally, PJM states that, with limited exceptions, another alternative is for market participants to provide a cash deposit, Letter of Credit, or surety bond.[34]

15. PJM states that its stakeholders, including the Independent Market Monitor with whom PJM developed its proposal, recognize that increased minimum capitalization thresholds reduce risk in PJM's markets.[35] PJM notes that there was stakeholder support from multiple stakeholder committees.

16. PJM states that based on its analysis using 2024 audited financial statements, 83% of PJM market participants are anticipated to meet the proposed minimum capitalization requirements in year one and that number reduces to 80% in year six.[36] PJM explains that in its analysis, 5% of market participants do not meet the current minimum capitalization thresholds compared to 20% in year six under the proposed revisions. PJM

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[31] Transmittal at 13-14 (citing Order No. 741, 133 FERC ¶ 61,060 at P 26).

[32] *Id.* at 14 (citing PJM, Intra-PJM Tariffs, OATT, attach. Q, app. 1 (Officer's Certificate) (0.0.0)).

[33] *Id.* at 5 (citing PJM, Intra-PJM Tariffs, OATT, attach. Q.III (0.0.0), § D.2).

[34] *Id.* (citing PJM, Intra-PJM Tariffs, OATT, § I.1 (Definitions C-D), Collateral).

[35] *Id.* at 2-3.

[36] *Id.* at 16-17 (citing Jones Aff. ¶ 27).

states this change is attributed to two primary factors: (1) the requirement that Tangible Net Worth be greater than zero, and (2) a Market Participant's decisions to manage their balance sheet and corporate structure.

17. PJM states that establishing a Tangible Net Worth requirement of greater than zero merely requires market participants to be solvent and have real assets that could potentially help meet payment obligations.[37] PJM maintains this is a proper component of minimum capitalization because it requires more assets than liabilities. PJM also explains that the other reason market participants are not anticipated to meet the threshold is related to individual choice and reflects the varied types of entities, corporate structure, and liquidity arrangements found within PJM market participants. PJM explains that, for example, some market participants elect to retain the minimum capitalization on their balance sheets and therefore any increase in the minimum capitalization requirements will necessarily indicate market participants that do not meet the requirement. Moreover, PJM states that its analysis shows that some entities maintain the minimum capitalization requirements on their balance sheets despite evidence of increased growth and revenues, though PJM acknowledges that market participants are entitled to manage their balance sheets as they see fit. Hence, PJM clarifies that the projections of market participants not meeting the revised thresholds does not translate into an inability to meet an increased minimum requirement.[38]

18. Additionally, PJM asserts that its analysis provides evidence that the revised thresholds do not present barriers to entry but rather highlights the individual choices made by market participants.[39] PJM explains that a sector's inability to meet the revised thresholds ranges from 1% to 6%, demonstrating that the proposed revisions do not disproportionately impact any sector of PJM market participants.[40]

19. Lastly, PJM contends that the proposed revisions are consistent with the Commission's objectives in Order No. 741.[41] PJM asserts that the proposed revisions strike the right balance between managing risk and credit discussed in Order No. 741 since 80% of market participants meet the revised threshold and those that do not satisfy

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[37] *Id.* at 17-18.

[38] *Id.* at 18 (citing Jones Aff. ¶ 27).

[39] *Id.*

[40] *Id.* at 16, 18, 20-21. The sectors evaluated in PJM's analysis include Generation Owner/Transmission Owner, Load Serving Entity, Curtailment Service Provider, Financial Trader, Power Marketer, and Other. *Id.* at 16, 18.

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

the minimum capitalization requirements may use alternative means to participate in PJM markets.[42] Moreover, PJM notes that the Commission determined that an RTO/ISO must be given reasonable discretion to consider the minimum criteria for market participation that is most applicable to its markets.[43] PJM also states that the proposed revisions align with the Commission's statements that such minimum criteria should not be unduly burdensome and allow most traditional market participants to participate as well as the Commission's recognition that trading by undercapitalized entities without adequate risk management procedures poses an unwarranted risk to the markets and market participants.[44]

III. Notice and Responsive Pleadings

20. Notice of PJM's filing was published in the *Federal Register*, 91 Fed. Reg. 32398 (June 1, 2026), with interventions and protests due on or before June 17, 2026. Timely motions to intervene were filed by American Electric Power Service Corporation; Buckeye Power, Inc; Constellation Energy Generation, LLC; DC Energy, LLC; Electric Power Supply Association; Ellicott Bay Energy Trading, LLC; Financial Marketers Coalition; Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (IMM); Old Dominion Electric Cooperative (ODEC); PJM Industrial Customer Coalition; PJM Power Providers Group; Rockland Electric Company; and Solar Energy Industries Association. Energy Artisans, LLC (Energy Artisans) and ODEC filed comments.

21. On June 24, 2026, IMM filed an answer in response to ODEC's June 17, 2026 comments.

22. ODEC and IMM urge the Commission to accept PJM's filing.[45] ODEC states that the proposed Tariff revisions are a necessary step toward ensuring other market participants, and ultimately consumers, do not bear the costs of market defaults.[46] ODEC asserts that the proposed Tariff revisions provide necessary safeguards to significantly reduce the likelihood of the real and quantifiable harm that consumers face when market participants are permitted to operate without adequate financing resources. ODEC also states that PJM

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[42] *Id.* at 19 (citing Order No. 741, 133 FERC ¶ 61,060 at P 2).

[43] *Id.* (citing Order No. 741, 133 FERC ¶ 61,060 at P 132).

[44] *Id.* at 20 (citing Order No. 741, 133 FERC ¶ 61,060 at PP 26, 133).

[45] ODEC Comments at 1; IMM Answer at 1.

[46] ODEC Comments at 3.

should commit to ongoing, regular evaluation of its credit policies and market risk management tools to ensure they keep pace with changing market conditions in PJM.[47]

23. IMM agrees that the minimum capitalization requirements need to be updated, including periodically to reflect inflation, noting that the real dollar value of the 15-year old fixed minimum capitalization thresholds are no longer sufficient or effective due to inflation and changes in market risks.[48] IMM states that the adjusted thresholds are needed to better manage risks for the benefit of all PJM members without unduly restricting access to PJM markets. IMM also supports the proposed requirement that Tangible Net Worth be greater than zero, stating that such a requirement is reasonable when making credit evaluations.[49]

24. Energy Artisans states that the Commission must determine whether the benefits of the proposal outweigh the potential adverse impacts on competition and whether the resulting market structure remains just and reasonable.[50] Energy Artisans contends that rules governing participation in competitive wholesale markets should not be evaluated solely on risk reduction. Energy Artisans asserts that PJM's filing focuses almost exclusively on the benefits of increased capitalization while giving comparatively little attention to the potential costs associated with reduced participation, diminished market liquidity, and increased market concentration.

25. Energy Artisans argues that the Commission's just and reasonable standard requires a balanced assessment of competition and risk management.[51] Energy Artisans explains that the proposal would effectively treat capitalization as the primary measure of financial responsibility and assumes that larger capitalization requirements necessarily produce safer market participation without adequately recognizing demonstrated risk management practices or actual market exposure.[52] As a result, Energy Artisans contends that participants with conservative, low-risk business models may be disadvantaged solely because of organizational size rather than any meaningful difference in default risk.

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[47] *Id.* at 7.

[48] IMM Answer at 2.

[49] *Id.* at 3.

[50] Energy Artisans Comments at 1.

[51] *Id.*

[52] *Id.* at 2.

26. Energy Artisans asserts that PJM's monthly 2025 settlement credit exposure and default disclosure reports demonstrate that PJM manages participant credit risk principally through collateralization and exposure-based credit controls rather than through minimum capitalization requirements, noting that disclosed payment defaults were small compared to available market collateral.[53] Moreover, Energy Artisans states that PJM has not shown that recent disclosed defaults were material, that they resulted from insufficient capitalization, or that they would have been prevented by the proposed minimum capitalization increases.[54] Energy Artisans also argues that the filing does not adequately demonstrate that the proposed increases are necessary to address a demonstrated deficiency in existing market protections.[55] Therefore, Energy Artisans states that the Commission should require PJM to identify the specific default risk it seeks to cure, quantify the loss exposure that existing collateral and credit tools do not address, and explain why that risk cannot be addressed through exposure-based collateral rather than static capitalization thresholds.

27. Additionally, Energy Artisans states that the Commission should examine whether the proposal represents the least restrictive means of addressing PJM's stated concerns and whether alternative approaches could achieve comparable risk-management benefits while preserving competitive market participation.[56]

IV. Discussion

A. Procedural Matters

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

B. Substantive Matters

29. We accept PJM's proposed Tariff revisions as just and reasonable, effective July 27, 2026, as requested. We find that the proposal will reduce the risks to PJM markets associated with undercapitalized market participants without posing an unreasonable barrier to market participation.

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[53] *Id.*

[54] *Id.* at 3.

[55] *Id.* at 1.

[56] *Id.* at 1.

30. Specifically, we find the proposed Tariff revisions to increase the Tangible Net Worth thresholds—for FTR market participants from $1 million to $2 million, and for other market participants from $500,000 to $2 million—are just and reasonable because they strengthen PJM's ability to manage credit risk arising from undercapitalized participants. As PJM explains, the real value of these thresholds, which were established in 2011, have been eroded by inflation during the past 15 years.[57] We agree with PJM that updating the Tangible Net Worth thresholds will enhance the effectiveness of PJM's minimum capitalization requirements. Additionally, under these circumstances, we find that the proposed 3% annual adjustment rate will help maintain the effectiveness of the Tangible Net Worth thresholds going forward, as a reasonable proxy for inflation based on the record in this proceeding.[58] Finally, we agree with PJM that the requirement to have a Tangible Net Worth be greater than zero can ensure that market participants or their Guarantors are solvent (i.e., they have more assets than liabilities) and reduces the risk of market participants being unable to meet their financial obligations, thereby reducing risk to PJM markets and its market participants as a whole.

31. We note that, in Order No. 741, the Commission did not establish specific minimum criteria for market participation, including any minimum capitalization requirements. Instead, the Commission required each RTO/ISO to develop "minimum criteria that are most applicable to its markets."[59] Therefore, it is consistent with Order No. 741 for PJM to propose minimum capitalization requirements that are particular to its markets.

32. We disagree with Energy Artisans' assertions that PJM's filing focuses almost exclusively on the benefits of increased capitalization with little consideration to potential costs, such as the impacts to market participation, competition, and liquidity. PJM provided analysis demonstrating that it and its stakeholders considered the potential effects of the proposal on market participants and the broader market, including the extent to which the revised thresholds may affect participation levels.[60] In particular, PJM's analysis shows that the overwhelming majority of market participants are expected to be able to meet the revised Tangible Net Worth thresholds in both the initial and longer-term implementation

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[57] Transmittal at 4.

[58] *See* Jones Aff. ¶¶ 4-5 (explaining that the 3% annual adjustment rate aligns with historical inflation averages across multiple indices).

[59] Order No. 741, 133 FERC ¶ 61,060 at P 132; *see also* 18 C.F.R. § 35.47(f) (2025) ("Each organized wholesale electric market must have tariff provisions that . . . [r]equire minimum participation criteria for market participants to be eligible to participate in the organized wholesale electric market.").

[60] Transmittal at 16-17.

periods, and that those who do not may continue to participate in PJM markets through alternative means.[61] Further, while PJM's analysis observed an increase in market participants that would not meet the revised minimum capitalizations thresholds, PJM attributes this increase to the requirement that a Market Participant's Tangible Net Worth be greater than zero.[62] We find that it is reasonable to require market participants be solvent to participate in PJM markets. We also find persuasive PJM's explanation that some market participants elect to retain only the minimum required capitalization on their balance sheets, which means that such market participants would not appear able to meet any increase in the minimum capitalization requirements.[63] Accordingly, we agree with PJM that its analysis does not indicate that market participants will be unable to comply with the increased thresholds, but rather has the effect of encouraging market participants to have stronger balance sheets and disciplined debt management.[64] Indeed, as PJM explains, market participants may adjust their capitalization over time, particularly given PJM's finding that some market participants have not yet adjusted their capitalization levels despite increased growth and revenues.[65] We find that this evidence demonstrates that the proposal appropriately enhances market protections while reasonably accounting for potential impacts to competition and liquidity, and thus does not impose unreasonable barriers to entry.[66] Accordingly, while Energy Artisans contends that some market participants may be disadvantaged based on organizational size, we find that PJM's proposed minimum capitalization requirements appropriately balance the management of credit risk and protection of market participants with maintaining sufficient participation and competition in PJM markets.[67] Moreover, we find that the proposal aligns with the Commission's prior recognition that minimum participation criteria serve an important role in mitigating market-wide risk.[68]

[61] *Id.*

[62] *Id.* at 17.

[63] *Id.* at 18.

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

[65] *Id.* at 18.

[66] *Id.* at 16-19.

[67] *Sw. Power Pool, Inc.*, 179 FERC ¶ 61,083, at P 40 (2022).

[68] Order No. 741, 133 FERC ¶ 61,060 at P 131 (finding that minimum participation criteria, such as requirements related to adequate capitalization, will help protect the markets from risks posed by undercapitalized participants).

33. While Energy Artisans contends that PJM manages market participant credit risk principally through collateralization and exposure-based credit controls, rather than through minimum capitalization requirements, this does not preclude PJM from seeking to manage credit risk through its minimum capitalization requirements as well.[69]

34. Regarding Energy Artisans' arguments that the Commission must consider alternative approaches or determine whether PJM's proposal is the least restrictive means of addressing credit-risk concerns, the Commission need only consider whether a proposal filed under FPA section 205 is just and reasonable, not whether it is more or less reasonable than alternatives.[70] Additionally, contrary to Energy Artisans' arguments and as discussed above, we find that PJM has adequately demonstrated why its proposed minimum capitalization requirements are just and reasonable because they will appropriately enhance market protections while not imposing unreasonable barriers to entry.[71]

<u>The Commission orders</u>:

PJM's proposed Tariff revisions are hereby accepted, effective July 27, 2026, as discussed in the body of this order.

By the Commission.

(S E A L)

Carlos D. Clay,
Deputy Secretary.

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[69] *See id.* PP 131-132.

[70] *See, e.g.*, *Cities of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984) (finding that, 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").

[71] Transmittal at 16-19.

Appendix – Tariff Records

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

- ATTACHMENT Q, OATT ATTACHMENT Q.III (1.0.0)