197 FERC ¶ 61,072
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 9, 2026

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER26-3759-000

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

Attention: Chenchao Lu
Associate General Counsel

Dear Chenchao Lu:

1. On September 11, 2026, pursuant to section 205 of the Federal Power Act (FPA),[1] PJM Interconnection, L.L.C. (PJM) filed proposed revisions to both the PJM Open Access Transmission Tariff (Tariff) and the Amended and Restated Operating Agreement of PJM (Operating Agreement)[2] to limit Flexible Resource Lost Opportunity Cost credits to resources that meet the Flexible Resource requirement across all available schedules. In this order, we accept PJM's proposed Tariff and Operating Agreement revisions, to become effective December 1, 2026, and December 31, 9998, subject to condition, as discussed below.[3]

2. Under PJM's existing Tariff, a Flexible Resource is a generating resource with a combined start-up time and notification time of less than or equal to two hours, and a

[1] 16 U.S.C. § 824d.

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

[3] See Appendix for Tariff records accepted in this order. PJM filed OATT ATT K APPX SEC 1, OATT ATTACHMENT K APPENDIX SECTION 1 - MARKET OPERATIONS (5.0.0) with no substantive revisions with an effective date of November 11, 2026.

minimum run time of less than or equal to two hours.[4] PJM explains that combustion turbine and diesel resources that meet the definition of Flexible Resources can provide significant operational flexibility for PJM dispatchers because such resources can be quickly dispatched in real-time in response to changing system conditions throughout the Operating Day.[5] PJM states that, given this operational flexibility, combustion turbine and diesel resources that are Flexible Resources are treated differently than inflexible resources in both real-time operations and in market settlements.[6] Specifically, PJM explains that while it generally expects other resources to operate according to their Day-ahead Energy Market commitments, combustion turbine and diesel Flexible Resources with Day-ahead Energy Market commitments during the Operating Day are instead expected to wait for re-evaluation and dispatch instructions in real-time before operating during the relevant intervals in the Operating Day.[7] According to PJM, a Flexible Resource's two hour start-up and notification time aligns with the two-hour look-ahead window in PJM's real-time commitment and dispatch software, allowing PJM to evaluate whether resources that meet the definition of Flexible Resources are economically needed in real-time.[8]

3. PJM further states that, as a result, combustion turbine and diesel Flexible Resources may operate during different intervals or on different schedules than their Day-ahead Energy Market commitment.[9] PJM states that Market Sellers of such Flexible Resources that follow PJM's real-time dispatch instructions are eligible for Flexible Resource Lost Opportunity Cost credits "to cover any losses in excess of their Day-ahead Energy Market revenues resulting from the balancing market buyback and/or allow[] Market Sellers to retain any forgone profits by not operating in real-time."[10]

4. PJM states that the existing definition of Flexible Resource does not take into account the fact that Market Sellers have the ability to specify different start-up times, notification times, and minimum run times across each of the schedules they submit for a

[4] *See* Tariff, E-F, OATT Definitions -E-F (44.1.0).

[5] Transmittal Letter at 2.

[6] *Id.*

[7] *Id.* at 2 & n.3 (citing Tariff, Attachment K-Appendix, § 3.2.3(f-1)(ii) (62.1.0)).

[8] *Id.* at 2.

[9] *Id.* at 3.

[10] *Id.*

resource.[11] PJM states that, in other words, the existing definition does not require that every available schedule for a given resource must satisfy the applicable requirement to qualify as a Flexible Resource.[12] Specifically, PJM explains that there can be scenarios where a resource may be committed in the Day-ahead Energy Market as a Flexible Resource, even though one or more of its available schedules in the Real-time Energy Market (i.e., price-based parameter limited, price-based non-parameter limited, and cost-based) does not meet the definition of Flexible Resource. According to PJM, in those circumstances, the resource cannot be evaluated as a Flexible Resource in real-time because of those schedule differences.

5. PJM states that, for example, this could occur when a Market Seller fails the three pivotal supplier test during the Day-ahead Energy Market clearing and the resource is mitigated to its cost-based offer, which is parameter limited, in accordance with Tariff, Attachment K-Appendix, section 6.6(a).[13] But if the resource passes the three pivotal supplier test in the Real-time Energy Market and PJM evaluates the resource on its non-parameter limited price-based schedule, which specifies start-up and notification times that are greater than two hours, PJM may not be able to evaluate this resource as a Flexible Resource using PJM's software for commitment in the Real-time Energy Market because of those less flexible operating parameters.[14] PJM states, however, that such resources may remain eligible for Flexible Resource Lost Opportunity Cost credits because the resource was committed as a Flexible Resource in the Day-ahead Energy Market.[15]

6. PJM states that the proposed revisions address this issue and are the product of a collaborative effort with its stakeholders and supported by Monitoring Analytics, LLC, the Independent Market Monitor for PJM.[16] First, PJM proposes to revise the definition of Flexible Resource to require that all available schedules for a resource must specify a combined start-up and notification time of two hours or less and a minimum run time of two hours or less.[17] PJM states that the proposed revision will make a generating

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[11] *Id.* at 3.

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

[13] *Id.* at 4.

[14] *Id.*

[15] *Id.* at 5.

[16] *Id*. at 9.

[17] *Id.* at 5-6. *See* proposed Tariff, E-F, OATT Definitions -E-F (48.0.0) ("Flexible Resource" "shall mean a generating resource that must have all available energy

resource with inflexible operating parameters (i.e., start-up and notification times greater than two hours or minimum run time of more than two hours) ineligible for Flexible Resource Lost Opportunity Cost credits. PJM states that in the event all available schedules for a generating resource do not meet the criteria to qualify as a Flexible Resource, the resource would be treated as inflexible for real-time operation, be expected to operate based on its Day-ahead Energy Market commitment, and be ineligible for Flexible Resource Lost Opportunity Cost credits.[18]

7. In addition, PJM proposes revisions to the Tariff and Operating Agreement to clarify that combustion turbine and diesel Flexible Resources are not expected to operate based on their Day-ahead Energy Market commitment unless PJM commits them in real-time and that only combustion turbine and diesel resources are eligible for Flexible Resource Lost Opportunity Cost credits.[19] PJM explains that while certain intermittent or energy storage resources may fall under the definition of Flexible Resource, such resources are not subject to a commitment evaluation in real-time because the output of such resources are weather dependent and such resources are generally expected to run when their power source is available or are otherwise self-scheduled in the energy market under the existing rules.[20]

8. PJM also proposes conforming revisions to its Tariff and Operating Agreement language that was recently accepted by the Commission in Docket No. ER26-59-000, but is not yet effective.[21] Specifically, PJM proposes to make clear that deviation charges would not be assessed to those Flexible Resources that are committed in the Day-ahead Energy Market but not expected to operate in real-time unless scheduled by PJM and to specify that the reference to Flexible Resource in the Tracking Balancing Net Revenue calculation is limited to those resources that are not expected to operate in real-time unless scheduled by PJM. Because these revisions are associated with new language that

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schedules specify a combined Startup Time and Notification Time of less than or equal to two hours; and a Minimum Run Time of less than or equal to two hours.").

[18] Transmittal Letter at 5-6.

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

[20] *Id.* To memorialize this expectation, PJM proposes to revise Tariff, Attachment K-Appendix, section 1.10.2(g) and the parallel provision of Operating Agreement, Schedule 1, section 1.10.2(g) to add the following language: "(g) Flexible Resources that are either combustion turbine or diesel resources with a pool-scheduled Day-ahead Energy market commitment are expected to wait for PJM dispatch instructions prior to running in real-time." *Id.* at 7.

[21] *Id.* at 8 (citing *PJM Interconnection, L.L.C.*, 193 FERC ¶ 61,191 (2025)).

currently has an undefined effective date, PJM requests an effective date of December 31, 9998 for these conforming revisions to correspond to the same day as when the broader uplift reforms will be implemented, which PJM currently expects to be before the end of 2027. PJM states that it will notify the Commission of the specific effective date for these two provisions when the broader energy market uplift rules are ready to be implemented.[22] PJM requests a December 1, 2026, effective date for the other proposed Tariff and Operating Agreement revisions discussed above.[23]

9. Notice of PJM's filing was published in the *Federal Register*, 91 Fed. Reg. 58670 (Sep. 16, 2026), with interventions and protests due on or before October 2, 2026. Timely motions to intervene were filed by: American Electric Power Service Corporation (AEPSC);[24] Buckeye Power, Inc.; Constellation Energy Generation, LLC; Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM; Old Dominion Electric Cooperative; Rockland Electric Company; and Talen Energy Corporation. No protests or comments were filed.

10. 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.

11. We find that PJM's proposed Tariff and Operating Agreement revisions to modify the rules regarding Flexible Resource Lost Opportunity Cost credits and Flexible Resource eligibility are just and reasonable because they will help ensure that only resources that meet the flexibility requirements are eligible for Flexible Resource Lost Opportunity Cost credits. Specifically, PJM's revisions limit Flexible Resource Lost Opportunity Cost credits only to combustion turbine and diesel resources that meet the requirement for Flexible Resources across all their available schedules. As PJM explains, requiring that all available schedules for a resource meet the Flexible Resource requirements will ensure that a generating resource with inflexible operating parameters is ineligible for Flexible Resource Lost Opportunity Cost credits. PJM's modifications help avoid the scenario where a resource may be committed in the Day-ahead Energy

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

[23] *Id.* at 9. PJM also requests an effective date of November 11, 2026 for one eTariff record submitted with the filing in metadata only. *Id.* at 9 n.11.

[24] AEPSC moves to intervene on behalf of its affiliates Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company, AEP Appalachian Transmission Company, Inc., AEP Indiana Michigan Transmission Company, Inc., AEP Kentucky Transmission Company, Inc., AEP Ohio Transmission Company, Inc., AEP West Virginia Transmission Company, Inc., and AEP Energy Partners, Inc.

Market as a Flexible Resource, but one or more of its available schedules in the Real-time Energy Market does not meet the definition of Flexible Resource. We also find just and reasonable PJM's proposal that only combustion turbine and diesel Flexible Resources are eligible for Flexible Resource Lost Opportunity Cost credits because such resources are not expected to operate based on their Day-ahead Energy Market commitment unless committed by PJM in real-time (i.e., they are expected to wait for PJM dispatch instructions prior to running in real-time). As PJM explains, while certain intermittent or energy storage resources also may meet the flexibility requirements, these resources are not subject to a commitment evaluation in real-time and so do not qualify as Flexible Resources.

12. We also find just and reasonable PJM's proposed revisions to its Tariff and Operating Agreement that conform to revisions the Commission previously accepted in Docket No. ER26-59-000. Specifically, we find just and reasonable PJM's proposal to clarify that Flexible Resources that are committed in the Day-ahead Energy Market but are not expected to operate in real-time, unless scheduled by PJM, would not be assessed deviation charges. As discussed above, Flexible Resources with Day-ahead Energy Market commitments may not operate unless committed by PJM in real-time, which would make deviation charges unnecessary. Further, we note that the Tariff generally prevents resources that follow dispatch from incurring deviation charges.[25] Similarly, we find reasonable PJM's proposed clarification that the reference to Flexible Resources in the Tracking Balancing Net Revenue calculation applies solely to Flexible Resources that are not expected to run in real-time unless scheduled by PJM.[26] We find that this revision provides further clarity that Flexible Resources are not expected to operate in real-time unless scheduled by PJM and is consistent with PJM's other proposed revisions discussed above.

13. Accordingly, we accept PJM's proposed Tariff and Operating Agreement revisions effective December 1, 2026, and December 31, 9998, as requested. The tariff records that become effective December 31, 9998, update the tariff records filed in Docket No. ER26-59-000 to reflect the changes accepted in this docket. PJM states that it "[will] notify the Commission of the specific effective date for these two provisions

[25] *See, e.g.*, Tariff, Attachment K-Appendix, § 3.2 (68.0.0), § 3.2.3(o) ("Dispatchable pool-scheduled generation resources and dispatchable self-scheduled generation resources that follow dispatch shall not be assessed balancing Operating Reserve deviations.").

[26] *See* proposed Tariff, Attachment K-Appendix, §3.2 (69.0.0), §3.2.3(e-2); Operating Agreement, Schedule 1, § 3.2 (69.0.0), § 3.2.3(e-2).

when the broader energy market uplift rules are ready to be implemented."[27] As stated in the notice issued July 21, 2025, in Docket No. RM01-5-000, PJM is required to set such a date in a compliance filing that will mark the tariff records as overtaken by events (OBE).[28] Therefore, no less than seven days prior to the date PJM implements the tariff records accepted with a 12/31/9998 effective date, PJM is required to make a compliance filing in this docket through the Commission's eTariff system with the accepted tariff record text that establishes the revised effective date of the tariff records and designates the records accepted in this order as OBE (overtaken by events).[29] PJM is also reminded that when it makes its filing in Docket No. ER26-59 to establish the effective date of the records in that proceeding, it must follow the same procedure to OBE the tariff records[30] established in that order.[31]

By direction of the Commission.

Debbie-Anne A. Reese,
Secretary.

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[27] Transmittal Letter at 8-9.

[28] *Elec. Tariff Filings*, Docket No. RM01-5-000, Notice of Changes to The Establishment of Effective Dates for Filings Initially Accepted with Indeterminate Effective Dates (12/31/9998) (July 21, 2025).

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

[30] OA Schedule 1 Sec 3.2, OA Schedule 1 Sec 3.2 - Market Buyers (67.0.0) and OATT ATT K Appx Sec 3.2, OATT Attachment K Appendix Sec 3.2 - Market Buyers (67.0.0).

[31] PJM must ensure that the priority code for the records in the compliance filing in this docket (ER26-3759) is higher than the priority code of the records in the compliance filing in Docket No. ER26-59.

Appendix – Tariff Records

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

Effective November 11, 2026

- OATT ATT K APPX SEC 1, OATT ATTACHMENT K APPENDIX SECTION 1 - MARKET OPERATIONS (5.0.0)

Effective December 1, 2026

- E-F, OATT Definitions - E - F (48.0.0)
- OATT ATT K APPX Sec 1.10, OATT Attachment K Appendix Sec 1.10 - Scheduling (57.0.0)
- OATT ATT K Appx Sec 3.2, OATT Attachment K Appendix Sec 3.2 - Market Buyers (68.0.0)
- OA Schedule 1 Sec 1.10, OA Schedule 1 Sec 1.10 - Scheduling (57.0.0)
- OA Schedule 1 Sec 3.2, OA Schedule 1 Sec 3.2 - Market Buyers (68.0.0)

Effective December 31, 9998

- OATT ATT K Appx Sec 3.2, OATT Attachment K Appendix Sec 3.2 - Market Buyers (69.0.0)
- OA Schedule 1 Sec 3.2, OA Schedule 1 Sec 3.2 - Market Buyers (69.0.0)