197 FERC ¶ 61,141
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 25, 2026

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER26-3898-000

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

Attention: Daniel Vinnik
Counsel

Dear Daniel Vinnik:

1. On September 30, 2026, pursuant to section 205 of the Federal Power Act (FPA),[1] PJM Interconnection, L.L.C. (PJM) submitted proposed revisions to Attachment DD of its Open Access Transmission Tariff (Tariff) to update the default gross Cost of New Entry (Gross CONE) values and the default gross Avoidable Cost Rate (Gross ACR) values used for purposes of the Minimum Offer Price Rule (MOPR) and Market Seller Offer Cap (MSOC) rules effective with the Reliability Pricing Model (RPM) Auctions associated with the 2030/2031 delivery year.[2] In this order, we accept PJM's proposed Tariff revisions, effective November 30, 2026, as discussed below.[3]

2. PJM conducts a Base Residual Auction (BRA) to procure resource commitments sufficient to meet reliability requirements in the PJM region for a given delivery year, which spans from June 1 to May 31.[4] The BRA and three Incremental Auctions are the RPM Auctions for a given delivery year.

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[1] 16 U.S.C § 824d.

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

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

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

3. PJM mitigates market power in its RPM Auctions using two primary mechanisms: minimum offer prices established pursuant to the MOPR rules (i.e., buyer-side mitigation) and maximum offer prices established pursuant to the MSOC rules (i.e., seller-side mitigation).[5] When a Sell Offer is subject to a default minimum offer price, one major component of that offer price is either the default Gross CONE value or the default Gross ACR value for the resource associated with the Sell Offer, depending on whether the resource has previously cleared in an RPM Auction.[6] When a Sell Offer is subject to a default maximum offer price, one major component of that offer price is the default Gross ACR for the resource associated with the Sell Offer. Tables in the Tariff list the default Gross CONE values and the default Gross ACR values for several resource types.[7] Values for future delivery years are obtained by multiplying the table values by Tariff-defined escalation factors.

4. According to the Tariff, no later than every fourth delivery year, PJM must review the default Gross CONE values and default Gross ACR values.[8] The review of the Gross CONE values may include, without limitation, analyses of the fixed development, construction, operation, and maintenance costs for each applicable resource type. The review of default Gross ACR values may include, without limitation, analyses of the avoidable costs of each applicable resource type. Based on the results of these reviews, PJM must propose either to modify or retain the values. PJM also must post the proposal publicly and solicit stakeholder comments. If PJM proposes to change the default values, PJM must file such proposed modifications with the Commission by October 1, prior to the conduct of the BRA for the first delivery year in which the new values would be applied.

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[5] PJM, Intra-PJM Tariffs, OATT, attach. DD, §§ 5.14 (Clearing Prices and Charges) (40.1.1); *id.* § 6.4 (Market Seller Offer Cap) (6.1.0); *id*. § 6.5 (Mitigation) (2.0.0).

[6] A resource type's default Gross CONE value reflects an estimate of the levelized annual cost to construct and develop new construction for the resource type. Transmittal at 5. A resource type's default Gross ACR value is based on its going-forward costs that are avoidable by not participating in PJM's capacity market. *Id.* at 10. Default minimum offer prices and default maximum offer prices are calculated by subtracting from the applicable default gross cost value an estimate of the net revenues earned by the resource type or specific resource (depending on the application) in PJM's energy and ancillary services markets. *Id.* at 5. Sellers may also apply for unit-specific minimum offer prices or maximum offer prices. PJM, Intra-PJM Tariffs, OATT, attach. DD, §§ 5.14 (Clearing Prices and Charges) (40.1.1); *id.* § 6.4 (Market Seller Offer Cap) (6.1.0).

[7] PJM, Intra-PJM Tariffs, OATT, attach. DD, §§ 5.14 (Clearing Prices and Charges) (40.1.1), § 5.4(h-2)(3)(A-B); *id.* § 6.4 (Market Seller Offer Cap) (6.1.0), § 6.4(a).

[8] PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.14 (40.1.1), § 5.14(h-2)(3).

5. PJM proposes to update starting with the 2030/2031 delivery year: (1) the default Gross CONE values for nine resource types used for MOPR purposes, and (2) the default Gross ACR values for nine resource types used for MOPR and MSOC purposes.[9] PJM states that it submits the filing in accordance with the Tariff requirement for PJM to review default Gross CONE values and default Gross ACR values at least every fourth delivery year.[10] PJM explains that it is proposing the updated default Gross CONE values and default Gross ACR values in advance of the 2030/2031 BRA, which is scheduled to commence in May 2027. PJM states that the filing represents the culmination of a stakeholder process during which PJM incorporated feedback received at various stakeholder meetings, with both the Markets and Reliability Committee and the Members Committee endorsing the proposal by acclamation.

6. PJM states that when reviewing and proposing the updated default Gross ACR values, it engaged with independent consultants, The Brattle Group and Sargent & Lundy.[11] In addition, PJM states that it separately reviewed publicly available sources and leveraged the analysis that was completed during the 2025 periodic review of RPM parameters to update the default Gross CONE values for the combined cycle, combustion turbine, and battery energy storage resource types.[12]

7. PJM states that when calculating the default Gross CONE values, it adopted the same financial assumptions from the 2025 Periodic Review proceeding.[13] PJM states that one change since the 2023 periodic review of the default Gross CONE values and default

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[9] Transmittal at 1-2. PJM states that offshore wind has a default Gross CONE value but not a default Gross ACR value because there are not enough active offshore wind projects to calculate the avoidable ongoing costs. *Id.* at 2 n.4. PJM states that steam oil and gas have a default Gross ACR value, but not a default Gross CONE value because here are not enough new steam oil and gas units entering PJM to require a default Gross CONE value for this resource type.

[10] *Id.* at 2 (citing PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.14 (40.1.1), § 5.14(h-2)(3)).

[11] *Id.* at 4, 10 (citing The Brattle Group & Sargent & Lundy, *2026 Avoidable Fixed Costs for Existing Resources* (Sept. 2026) (Brattle Report), https://www.pjm.com/-/media/DotCom/library/reports-notices/reliability-pricing-model/brattle-acr-report-30-31-msoc.pdf). PJM includes the Brattle Report as attachment D to its transmittal.

[12] *Id.* at 4 (citing PJM Interconnection, L.L.C., Filing, Docket No. ER26-455-000, at 17-22 (filed Nov. 7, 2025) (2025 Periodic Review)). PJM also states that it made extensive use of data from the U.S. Energy Information Administration. *Id.* at 6-7.

[13] *Id.* at 7.

Gross ACR values is the assumed bonus depreciation schedule.[14] PJM states that recent tax law changes allow 100% of bonus depreciation, which has resulted in the Tariff escalation factors no longer aligning with the impact of bonus depreciation on resources.[15] PJM therefore proposes to amend Tariff, Attachment DD, section 5.14(h-2)(3)(A), to remove obsolete bonus depreciation factors that are no longer applicable and to substitute them with "the bonus depreciation, if any, that is applicable under federal corporate tax law associated with the relevant Delivery Year."[16] PJM explains that this proposed language allows PJM to reflect any changes in the federal tax laws related to bonus depreciation without having to specify depreciation factors that could change each time the tax law changes.

8. In addition, PJM introduces a default Gross ACR value for a four-hour battery energy storage resource, a resource type for which PJM previously calculated only a default Gross CONE value.[17] PJM also proposes adjustment factor values that, when multiplied by the proposed default Gross ACR value for a four-hour battery energy storage resource, produce the default Gross ACR values for battery energy storage resources with two-, six-, eight-, and ten-hour durations.[18] PJM explains that it was able to add battery energy storage as a new default resource type because there are now enough battery energy storage resources in PJM to select a representative plant.[19] PJM states that there are 4 gigawatts (GW) of battery energy storage resources in PJM's expedited interconnection track and more than 60 GW of such projects that have been selected as part of PJM's first cycle of the reformed interconnection process.[20]

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[14] *Id.* at 9.

[15] *Id.* (citing Internal Revenue Service, Notice 2026-11 (announcing intent to issue proposed regulations to implement the additional first-year depreciation deduction under section 168(k) of the Internal Revenue Code, as amended by sections 70301 and 70434(g) of Public Law 119-21, 139 Stat. 72 (July 4, 2025), so that the applicable percentage would be for "100 percent"), https://www.irs.gov/pub/irs-drop/n-26-11.pdf).

[16] *Id.*

[17] *Id.* at 5, 12-14.

[18] *Id.* at 5 n.12 (citing Brattle Report at 50, tbl. 11), 14.

[19] *Id.* at 12 (citing Brattle Report at v, 10).

[20] *Id.* (citing Brattle Report at 45).

9. Notice of PJM's filing was published in the *Federal Register*, 91 Fed. Reg. 63539 (Oct. 6, 2026), with interventions and protests due on or before October 21, 2026. Timely motions to intervene were filed by: American Electric Power Service Corporation (AEPSC);[21] Buckeye Power, Inc.; Constellation Energy Generation, LLC; Old Dominion Electric Cooperative; Rockland Electric Company; and Solar Energy Industries Association. No comments or protests 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 PJM's proposal to update the default Gross CONE values and the default Gross ACR values used for purposes of the MOPR and MSOC rules effective with the RPM Auctions associated with the 2030/2031 delivery year is just and reasonable and not unduly discriminatory or preferential. We also find that the analyses on which PJM relies to support its proposed values are consistent with the Tariff requirements in Attachment DD, section 5.14(h-2)(3).[22] Accordingly, we accept the proposed Tariff revisions, effective November 30, 2026, as requested.[23]

12. We also find that PJM has sufficiently supported, through its transmittal and the Brattle Report, its proposed default Gross CONE values and default Gross ACR values, including the introduction of default Gross ACR values for battery energy storage resources of various durations.[24] Finally, regarding PJM's financial assumptions for

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

[22] PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.14 (40.1.1), § 5.14(h-2)(3).

[23] We note that other revisions to Tariff, Attachment DD, section 5.14, are either pending at the Commission (in Docket No. ER26-3738-000) or accepted by the Commission with an effective date later than the one accepted here (in Docket No. ER22-962-008). We remind PJM that whenever it has such overlapping filings of the same tariff record, PJM is required to make a timely clean-up filing after issuance of the Commission orders on the filings to ensure the rates on file are accurate.

[24] PJM provides further support through an affidavit of a PJM staff member. Transmittal, attach. C (Affidavit of Peter Langbein).

calculating the default Gross CONE values, we find that PJM reasonably proposes Tariff revisions to replace the assumed bonus depreciation schedule, which is now obsolete, with language stating that the "bonus depreciation, if any, applicable under federal corporate tax law" will be applied.[25] We agree with PJM that this language will allow PJM to reflect any changes in the federal tax laws related to bonus depreciation without having to specify depreciation factors that could change each time the tax law changes.

By direction of the Commission.

Carlos D. Clay,
Deputy Secretary.

[25] Proposed PJM, Intra-PJM Tariffs, OATT, attach. DD, § 5.14 (Clearing Prices and Charges) (47.0.0), § 5.4(h-2)(3)(A).

Appendix – Tariff Records

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

- OATT ATT DD.5.14, OATT ATTACHMENT DD.5.14 Clearing Prices and Charges (47.0.0)

- OATT ATT DD.6.4, OATT ATTACHMENT DD.6.4 Market Seller Offer Cap (7.0.0)