

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

**PJM INTERCONNECTION, L.L.C.**

**DOCKET NO. ER26-1556-000**

**COMMENTS OF THE MARYLAND OFFICE OF PEOPLE'S COUNSEL ON  
PROPOSED TARIFF REVISIONS**

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**March 20, 2026**

Pursuant to Rule 211 of the Federal Energy Regulatory Commission’s Rules of Practice and Procedure,<sup>1</sup> the Maryland Office of People’s Counsel (“MPC”) respectfully submits the following comments supporting PJM Interconnection, L.L.C.’s (“PJM”) filing submitted on February 27, 2026 in the above captioned proceeding that proposes tariff revisions to extend the previous price cap for all reliability pricing model (“RPM”) auctions through the 2029/2030 delivery year.<sup>2</sup>

## INTRODUCTION

MPC supports PJM’s proposed tariff revisions to extend the \$325/MW-day price cap as just and reasonable. This price cap—previously applicable to the 2026/2027 and 2027/2028 Base Residual Auctions (“BRAs”)—provides indispensable ratepayer protection at a time when unprecedented data center load growth is dramatically outpacing supply response due to supply chain issues, interconnection queue delays, compressed auction schedules, and the ability of data centers to be built faster than supply resources.

This confluence of events has left PJM’s reserve margins completely depleted. PJM’s most recent BRA for the 2027/2028 delivery year resulted in a PJM-wide shortfall—meaning that for the first time PJM’s capacity market did not procure enough power to meet its reliability requirement. This confirmed shortfall occurred despite

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<sup>1</sup> 18 C.F.R. §§ 385.211 (2025).

<sup>2</sup> *PJM Interconnection, L.L.C.*, Proposal to Extend the Price Cap and Price Floor for the 2028/2029 and 2029/2030 Delivery Years, and Request for a Waiver of the 60-Days’ Notice Requirement to Allow for a March 31, 2026 Effective Date, Docket No. ER26-1556-000 (Feb. 27, 2026).

capacity market prices rising to record breaking levels year-after-year starting in the 2025/2026 delivery year.<sup>3</sup> With supply resources chosen through PJM’s queue reform initiatives likely not to be operational until after 2030, PJM’s capacity market is at continuing risk of falling short and reaching the price cap of approximately \$550/MW-day established through PJM’s most recent quadrennial review.<sup>4</sup>

Forcing ratepayers to pay approximately \$550/MW-day is unjust and unreasonable because ratepayers will receive no additional benefit from paying that clearing price compared to the proposed price cap of \$325/MW-day, since capacity sellers currently cannot respond in a timely manner to BRA price signals due to supply-side barriers such as supply chain issues, interconnection queue delays, and compressed auction schedules. Without the proposed price cap, capacity market prices are expected to persist for multiple years at approximately \$550/MW-day while the supply remains stagnant due to no significant new supply entering over that period. In other words, the current

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<sup>3</sup> See *2025/2026 Base Residual Auction Report*, PJM Interconnection, L.L.C. (2024), <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2025-2026/2025-2026-base-residual-auction-report.pdf>, at Table 1 (showing a clearing price increase from \$73/MW-day to \$466.35/MW-day in BGE LDA and from \$28.92/MW-Day to \$444.26/MW-day in DOM LDA and a nearly ten-fold increase in clearing price from \$28.92/MW-day to \$269.92/MW-day across the rest of PJM). Subsequent to the results of the 2025/2026 BRA, MPC, along with consumer advocate offices from Illinois, New Jersey, Ohio, and the District of Columbia filed a complaint against PJM under sections 206 and 306 Federal Power Act arguing that capacity prices in the 2026/2027 BRA would be excessive and artificially high due to the combination of limited new entry capable of entering service prior to the commencement of the 2026/2027 delivery year, anticipated load growth, the artificial exemption of eligible resources from offering into the BRA, and the risk of market manipulation from resources with market power (including, the withholding and/or submission of artificially high demand response offers by fleet operators). The complaint is pending before the Commission. See MPC, Complaint of Joint Consumer Advocates, Docket No. EL25-18-000 (Nov. 11, 2024).

<sup>4</sup> See MPC, *Affidavit of Mario S. DePillis Jr. on Behalf of Maryland Office of People’s Counsel*, Docket No. ER26-455-000 at 6 (Dec. 8, 2025) (“DePillis Affidavit”). See also *PJM Interconnection, L.L.C.*, 194 FERC ¶ 61,049 (Jan. 21, 2026).

\$550/MW-day price cap is not a functional price signal and amounts to nothing more than a wealth transfer away from consumers and a windfall to existing capacity resources during a time when PJM’s capacity market is unable to fulfill its primary purpose of incentivizing the timely entry of new capacity generation to meet expected demand.

Recognizing that the market clearing price may still provide some long-term investment signals and incentives for existing generation—despite stagnant supply growth over the near term—the \$325/MW-day proposed price cap achieves such objectives as it is well above the \$289/MW-day net cost of new entry (“Net CONE”).<sup>5</sup> Thus, under current market conditions the proposed price cap strikes an appropriate balance between protecting ratepayers from unreasonably high costs and providing incentives and price signals to capacity resources to the extent possible.

Additionally, the White House, and all thirteen governors of states within PJM, support PJM’s proposed price cap extension because it is an important ratepayer protection mechanism. The Commission should therefore find that PJM’s proposed price cap is just and reasonable.

## **BACKGROUND**

Over the past fifteen months, PJM has submitted several filings with the Commission documenting a confluence of recent and unexpected market conditions that have led to tight supply and demand conditions and soaring clearing prices in PJM’s

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<sup>5</sup> See PJM, Attach. D, *Affidavit of Kathleen Spees and Samuel A. Newell Regarding Sixth Review of PJM’s Variable Resource Requirement Curve*, Docket No. ER26-455-000 at 5 (Nov. 7, 2025) (“Spees et al. Affidavit”).

capacity auction. PJM explained that this tightening of supply and demand is the result of “recent load growth at a pace substantially exceeding historical experience” combined with the slow pace of arrival of replacement resources and changes to capacity accreditation and other modeling practices.<sup>6</sup> As PJM’s filing demonstrates, these circumstances are ongoing—supply chain and other timing issues continue to prevent new entrants from responding in a timely manner to high BRA price signals, and massive, new load growth, driven by the forecasted demands of data centers, is accelerating.

The Commission decided virtually the same issue presented here less than a year ago when it accepted PJM’s tariff revisions instituting a \$325/MW-day price cap for delivery years 2026/2027 and 2027/2028 as part of a settlement between Pennsylvania Governor Josh Shapiro, the Commonwealth of Pennsylvania (collectively, “Pennsylvania”), and PJM. The settlement also resolved a complaint by Pennsylvania in Docket No. EL25-46-000 citing the inability of capacity sellers to respond to the BRA clearing price due to interconnection queue delays, compressed auction schedules, and unprecedented, rapid load growth primarily due to large data centers.<sup>7</sup>

In accepting the \$325/MW-day price cap for the 2026/2027 and 2027/2028 delivery years, the Commission reasoned that PJM’s capacity auctions are designed to signal that new capacity investment is needed or that retirements should be delayed at times when the system is short of capacity or is approaching a shortage.<sup>8</sup> The

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<sup>6</sup> PJM, Transmittal, Docket No. ER25-682-000 at 4-5 (Dec. 9, 2024).

<sup>7</sup> *PJM Interconnection, L.L.C.*, 191 FERC ¶ 61,066 at PP 9-10, 6 (2025).

<sup>8</sup> *Id.* at P 54.

Commission determined that the proposed price cap of \$325/MW-day was 52% higher than the estimated Net CONE at that time of \$214/MW-day, and it found the cap to be just and reasonable.<sup>9</sup>

The market conditions that existed less than a year ago when the Commission previously approved the \$325/MW-day cap remain today. Recent results of the 2027/2028 BRA that occurred in December 2025 show not just tight market conditions; they confirm that shortage conditions are likely to cause PJM’s upcoming BRAs to clear at the approximately \$550 MW-day maximum price established under PJM’s recently approved variable resource requirement (“VRR”) curve for at least the next two delivery years following the 2027/2028 delivery year. Such expected results directly contravene the assumptions underlying the validity of the \$550/MW-day price cap. As explained by Brattle in PJM’s most recent quadrennial review filing updating the VRR curve, the capacity market, on a probabilistic basis, should clear at the approximately \$550/MW-day price cap only four percent of the time—not set the clearing price spanning multiple delivery years.<sup>10</sup>

On January 15, 2026, the National Energy Dominance Council within the White House and the thirteen governors of the PJM states signed a statement of principles

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<sup>9</sup> *Id.*

<sup>10</sup> See MPC, *Affidavit of Mario S. DePillis Jr. on Behalf of Maryland Office of People’s Counsel*, Docket No. ER26-455-000 at 7 (Jan. 20, 2026) (“DePillis Reply Affidavit”), *citing* Spees et al. Affidavit at Table 2. MPC filed a protest in Docket No. ER26-455-000 in which PJM filed to establish the current VRR curve with a price cap of approximately \$550/MW-day. MPC argued that the Commission should require PJM to extend the \$325/MW-day as a replacement rate while instituting a section 206 proceeding to address the lack of competition in PJM’s capacity market. After the Commission accepted the VRR curve as PJM proposed, MPC filed a request for rehearing that is currently pending before the Commission.

(hereinafter, “Statement of Principles”), one of which is to “Protect Residential Customers from Capacity Price Increases.” The Statement of Principles proposes to protect customers by extending the price collar—including continuing the \$325/MW-day price cap.

On February 9, 2026, PJM issued a Base Residual Auction Reserve Target Shortfall Report explaining succinctly the confluence of unprecedented conditions facing PJM’s capacity market and culminating in PJM’s first confirmed shortage:

the [December 2025 BRA] auction results reveal that PJM has entered a critical period, or “transition gap,” where demand growth has temporarily outpaced infrastructure development. This shortfall is due to a confluence between an unprecedented surge in data center load, the realities of global supply chain friction...the inability for developers to timely respond to pricing signals due, and the queue transition. This “transition gap” is further exacerbated by the deactivation of legacy thermal assets, which depleted the region’s historical capacity surplus precisely before the onset of the current demand growth. Given the demand forecasts, a reliability deficit was practically unavoidable, as the required volume of new generation could not be built fast enough to match the surge in consumption.<sup>11</sup>

PJM further explained:

The primary driver of the capacity shortage is a fundamental, unprecedented shift in the market's denominator: the load forecast. While the 2024 PJM Load Forecast Report (PDF) in January 2024 delivered an initial “shock” of tripling historical growth rates, the trajectory has proven resilient... The market is no longer solving for a static target but instead is chasing a demand curve that remains consistently elevated.<sup>12</sup>

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<sup>11</sup> *2027/2028 Base Residual Auction Reserve Target Shortfall Report*, PJM Interconnection, L.L.C. (2025), <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2027-2028/2027-2028-bra-reserve-target-shortfall-report.pdf>, at 1 (“PJM Shortfall Report”).

<sup>12</sup> *Id.* at 1-2.

On March 4, 2026, the White House issued a “Ratepayer Protection Pledge” stating that “[a]s part of the Ratepayer Protection Pledge, companies agree to protect American consumers from price hikes due to data center energy and infrastructure requirements, and lower electricity costs for consumers in the long term...” Given the central contribution of forecasted data center demands to the capacity market shortfall, extension of the price cap, as proposed by PJM, is a necessary element of fulfilling the Ratepayer Protection Pledge.

## COMMENTS

### **Commission precedent supports accepting PJM’s proposed \$325/MW-day price cap as just and reasonable.**

When the Commission previously accepted PJM’s proposed \$325/MW-day price cap as just and reasonable, it cited PJM’s projected capacity shortage or near capacity shortage conditions for the 2026/2027 and 2027/2028 delivery years, due to expected growth in demand of 4 GW and 10 GW respectively for those delivery years.<sup>13</sup> In practice, PJM’s three most recent capacity market auctions—the BRA in July 2024 for delivery year 2025/2026, the BRA in July 2025 for delivery year 2026/2027, and the BRA in December 2025 for delivery year 2027/2028—have cleared at the price cap, with the most recent auction clearing short of the reliability reserve requirement.<sup>14</sup> Recent

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<sup>13</sup> *PJM Interconnection, L.L.C.*, 191 FERC ¶ 61,066 at PP 52–53.

<sup>14</sup> DePillis Affidavit at 2; PJM Shortfall Report at 1.

reports predict this trend to continue and become a persistent actual shortfall for the eight delivery years from 2028/2029 through 2035/2036.<sup>15</sup>

These capacity shortage and near-shortage conditions are a result of a confluence of factors. As an initial matter, new projects entering the queue would be unlikely to enter service before the end of the decade. Most resources chosen through PJM's Reliability Resource Initiative will likely not be operational until the early after 2030s.<sup>16</sup> Thus, even a project in PJM's "fast track" Reliability Resource Initiative will not be operational for the upcoming 2028/2029 and 2029/2030 BRAs, when PJM's proposed \$325/MW-day price cap would be effective.

Additionally, although PJM's tariff requires that PJM conduct its BRA three years in advance of a delivery year to procure resource commitments sufficient to meet reliability requirements in the PJM region,<sup>17</sup> PJM is still operating on a compressed auction schedule. For example, the BRA for the 2028/2029 delivery year, currently scheduled for June 2026, is only two years prior to the delivery year. The first delivery year that will recover the three-year lead time will be delivery year 2030/2031.<sup>18</sup>

Furthermore, electric generation supply chain issues have been documented nationally and internationally. Lead times to acquire key components for new capacity including large power transformers can take up to five years. Reports indicate gas turbine

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<sup>15</sup> *Id.* at 3.

<sup>16</sup> DePillis Affidavit at 6.

<sup>17</sup> PJM, Intra-PJM Tariffs, Tariff, Attach. DD, § 5.4 (Reliability Pricing Model Auctions) (9.0.0), § 5.4(a) (Base Residual Auction) ("The [BRA] shall be conducted in the month of May that is three years prior to the start of such Delivery Year.").

<sup>18</sup> DePillis Affidavit at 7.

supply delays of seven to eight years internationally. National reports indicate original equipment manufacturers are quoting upwards of five to seven years for a gas-fired turbine, as of February 2025.<sup>19</sup>

These conditions indicate structural barriers that will lead to capacity shortage or near-shortage conditions for years to come, resulting in the market clearing at or near \$550/MW-day unless the Commission accepts PJM’s \$325/MW-day proposed price cap. Under these market conditions, it is manifestly unjust and unreasonable for ratepayers to bear the burden of paying maximum prices set by the current VRR curve for multiple years in a row when new capacity resources cannot respond to BRA clearing price signals for RPM delivery years during this period in a timely manner. As PJM explained in its Shortfall Report issued February 2026 regarding the most recent BRA for delivery year 2027/2028, “[t]his shortfall is due to a confluence between an unprecedented surge in data center load, the realities of global supply chain friction...the inability for developers to timely respond to pricing signals due, and the queue transition.”<sup>20</sup>

The current \$550/MW-day price cap was based on the assumption that the price cap would be reached only four percent of the time, and that there would be an average clearing price equal to the current Net CONE of \$289/MW-day.<sup>21</sup> Recent BRA results clearing at capacity shortage and near-shortage conditions, along with recent forecasts show that these assumptions are false—ratepayers will continue to be faced with capacity

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<sup>19</sup> *Id.* at 9-10.

<sup>20</sup> PJM Shortfall Report at 1.

<sup>21</sup> DePillis Reply Affidavit at 6-7.

shortage and near-shortage conditions for multiple years to come. Unless the Commission accepts PJM's proposed tariff revisions, ratepayers will likely face BRA clearing prices at or near the existing approximately \$550/MW-day price cap, well in excess of Net CONE. To put this in perspective, the implied return on equity for the reference resource would be approximately 30 percent.<sup>22</sup>

It is unjust and unreasonable for ratepayers to incur such costs without the possibility to lower prices by affecting new entry of capacity in the near term. The proposed \$325/MW-day price cap—being well above the current \$289/MW-day Net CONE—is a just and reasonable price cap that protects ratepayers and acknowledges the realities of PJM's current market conditions, while generously incentivizing new capacity with prices above Net CONE. PJM's proposal also has broad support from the White House and Governors of PJM states.

## CONCLUSION

Commission precedent supports accepting PJM's proposed price cap extension as just and reasonable. The Commission previously accepted the same \$325/MW-day price cap under similar circumstances less than a year ago. PJM's proposal strikes a reasonable balance between providing adequate revenue to capacity resources while providing reasonable protection for ratepayers that would otherwise be burdened by the consequences of unprecedented market conditions faced by PJM. Furthermore, the

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<sup>22</sup> DePillis Affidavit at 17.

existing tariff's approximately \$550/MW-day price cap would be unjust and unreasonable to apply to upcoming BRAs.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing pleading to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated this 20th day of March, 2026.

/s/ electronic signature

Mark S. Byrd