

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

PJM Interconnection, L.L.C.	)))	Docket No. ER26-403-000
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COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 211 of the Commission’s Rules and Regulations¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),² submits these comments responding to the filing submitted by PJM Interconnection, L.L.C. (“PJM”) on October 31, 2025 (“October 31st Filing”).

The October 31st Filing proposes to “establish Replacement Generation Interconnection Service as a separate serial interconnection process for ... transfer of Capacity Interconnection Rights (“CIRs”)... from deactivating generation resources to new replacement resources (each a “Replacement Generation Resource”).” The October 31st Filing responds to the Commission’s rejection of PJM’s prior filing, submitted January 31, 2025 (“January 31st Filing”), that proposed the same separate serial interconnection process for transferring CIRs.³ By order issued August 8, 2025, the Commission rejected the January 31st Filing based on findings (i) “that the lack of a maximum time limit for Commercial Operation Date extensions, which introduces the opportunity to delay commercial

¹ 18 CFR § 385.211 (2025).

² Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”), the PJM Operating Agreement (“OA”) or the PJM Reliability Assurance Agreement (“RAA”).

³ See *PJM Interconnection, L.L.C.*, 192 FERC ¶ 61,137 (“August 8th Order”).

operation for an indefinite period of time, would result in a generator replacement process that does not promote the efficient interconnection of new resources;” and (ii) “because the unrestricted opportunity for a Replacement Generation Resource Project Developer to significantly delay commercial operation may result in CIRs and associated transmission capacity dedicated to accommodate the Replacement Generation Resource’s operation going unused.”⁴

The January 31st Filing has been rejected. The October 31st Filing is not a compliance filing, it is a new filing, and it should receive no special deference. These comments respond specifically to the October 31st Filing.

The Market Monitor shares PJM’s concerns about reliability and resource adequacy. PJM’s proposal is not consistent with or based on PJM’s statements about the need to get generation to market quickly. The Market Monitor shares that goal. Unfortunately, PJM’s filing directly contradicts PJM’s stated goals. PJM attempts to lump this CIR proposal with other positive reforms to the interconnection process, including RRI and SIS and the extension of the must offer requirement to all generation and storage resources. This CIR proposal does not belong in that group of reforms. The Market Monitor’s filing on PJM’s January 31st Filing raised the fundamental concern about PJM’s proposal that it would lead to delays and an inefficient process for interconnecting new generation at a time when speed and efficiency are paramount.⁵ The Commission identified the most egregious examples of delay, the effectively unlimited delays for commercial reasons. The fact that PJM included the open ended delays in the January 31st Filing illustrates the inconsistency between PJM’s assertions about efficiency and the actual filing that included those open ended delays. PJM repeats those assertions in the October 31st Filing. In the January 31st

⁴ *Id.* at PP 38–39.

⁵ *See* Comments of the Independent Market Monitor for PJM, Docket No. ER25-1128-000 (February 21, 2025).

Filing, PJM made the same unsupported assertions about efficiency to support the open ended delays that the Commission rejected. Simply removing these egregious elements of the proposal does not make the October 31st Filing just and reasonable. The Market Monitor recommends rejecting the October 31st Filing for the same basic reason that the Commission rejected elements of the January 31st Filing. The entire process defined in the October 31st Filing creates delays by permitting retiring generators to delay the transfer of CIRs for up to a full year for the sole purpose of maximizing the profits from selling the CIRs or gaining a special advantage in jumping the interconnection queue. Retiring generators do not have property rights in the CIRs which depend on the entire transmission grid for their value. Contrary to PJM's assertions, the proposed transfer process does nothing to enhance efficiency or the timely replacement of retiring generation resources. The basic purpose of the process is to permit existing generators to sell their CIRs to the highest bidder rather than to identify the best replacement resource. The proposal is inconsistent with open access and the purpose of CIRs. A proposal to truly reform CIRs would terminate CIRs immediately at the time a resource deactivates, and thereby avoid undue discrimination, promote competition and facilitate the rapid entry of needed new generation.

PJM has not shown or demonstrated that the October 31st Filing is just and reasonable, and not unduly discriminatory. The Market Monitor continues to recommend to the Commission that it reject PJM's proposal in its entirety. PJM has made a number of significant enhancements to its interconnection process including expediting resource addition. The current proposal is already dated, irrelevant and counterproductive. The October 31st Filing should be rejected because it is not just and reasonable.

A. The October 31st Filing Does Not Reform the Interconnection Process; It Degrades It.

PJM states (at 10), that its proposal in the October 31st Filing “is largely identical to PJM’s prior filing,” but modified based on the findings in the August 8th Order. The August 8th Order made no findings on the merits of the objections raised by the Market Monitor.⁶

The October 31st Filing proposes revisions to the OATT (at 1–2) that are asserted to expedite the replacement of capacity from deactivating resources. The October 31st Filing asserts (*id.*) that the revisions are filed in response to “serious resource adequacy concerns.” Neither the January 31st Filing nor the October 31st Filing originated with PJM. PJM’s proposal originated with generation owners in the CIR Transfer stakeholder process who want to increase the value of their CIRs and avoid the PJM interconnection process.

The October 31st Filing will not help address reliability concerns. The October 31st Filing has been rendered superfluous by the Commission’s recent approval of the Reliability Resource Initiative (RRI) and the Surplus Interconnection Service (SIS) rules.⁷ To make matters worse, the October 31st Filing would slow and confuse the process for adding capacity resources. To make matters worse, the October 31st Filing would waste PJM staff resources and slow the interconnection of new generation resources in part due to the additional requirement to perform Replacement Generation Interconnection Studies in parallel with the studies required during the newly revised Cycle Process.

The existing and recently revised interconnection processes, enhanced by the RRI and SIS proposals, address all the reliability and timing issues that the October 31st Filing asserts that it addresses. The only different element and the core of the October 31st Filing is that the October 31st Filing would create a special advantage for the owners of retiring units

⁶ See Comments of the Independent Market Monitor for PJM, Docket No. ER25-1128-000 (February 21, 2025).

⁷ See *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,084 (2025); *PJM Interconnection, L.L.C.*, 190 FERC ¶ 61,083 (2025).

that will increase the value of the CIRs held by the owners of retiring resources. The October 31st Filing introduces complexity and delays that are counter to the goals of the RRI and SIS proposals.

The October 31st Filing is not actually about addressing reliability concerns or facilitating an efficient and least cost replacement of retiring resources with new capacity resources. In fact, the filing does more to facilitate the exercise of market power by the owners of existing resources than it does to expedite the replacement of capacity. In fact, the October 31st Filing is neither a complement to nor a substitute for the RRI process. PJM's RRI filing was a good first step. If PJM were to make further changes to the queue process, PJM should implement a broader, better structured, longer term and generally applicable process for getting new capacity resources on line as soon as possible, especially when addressing an immediate reliability issue. The October 31st Filing is an unnecessary distraction because it is about special interests and not about improving the queue process and improving the PJM markets.

The October 31st Filing would create a parallel interconnection process that is bilateral and inconsistent with the PJM process for selecting the best resources to meet short term reliability needs and inconsistent with the timeline that PJM has specified for adding new capacity. In addition, it would create a diversion of PJM staff resources away from the current improved processes that PJM is working to implement. PJM describes its proposal (at 15) as "a separate but parallel process that will provide an efficient and timely process for studying Replacement Generation Interconnection Requests while minimizing effects to resources in PJM's clustered Cycle Process." PJM's statement explicitly recognizes that the proposed process is separate and parallel to existing PJM processes and will divert PJM staff resources. The goal should not be to create an inefficient new process that minimizes the negative impact on the broader interconnection process. There is no reason for any parallel process and there is no reason to create any negative impacts on the interconnection process. There is no reason for any impact on PJM's interconnection process. The result will

be inefficient, negatively affect PJM's ongoing interconnection process and result in unnecessary delays in interconnecting new resources.

PJM does not need a parallel process that is inconsistent with PJM's recently revised interconnection process that is not yet fully in place and is inconsistent with the recently approved RRI process for an expedited interconnection process.

The October 31st Filing does not show or support the assertion that the proposed new interconnection process is just and reasonable and the proposal should be rejected for that reason. For the reasons stated, the proposal is not just and reasonable.

II. COMMENTS

A. The October 31st Proposal Is Superfluous and Unnecessary.

While there are legitimate differences of opinion about the exact level and timing of the need, PJM needs additional capacity resources and PJM needs to remove inefficient barriers to entry based on interconnection queue rules. PJM has taken the essential steps to do exactly that, including the Interconnection Process Reform changes to the queue management process and the recent filing and approval of the RRI and SIS rules. PJM's development and filing of the RRI modifications overtook the CIR Transfer rule changes and rendered them not only superfluous but inconsistent with the revised PJM processes. The RRI process addresses all the issues that the October 31st Filing purports to address but does so in both a more comprehensive and a more targeted fashion. The RRI process does everything that the October 31st Filing should do and none of the things that the October 31st Filing should not do. In other words, the October 31st Filing is moot, irrelevant and unnecessary. Despite the assertions in the October 31st Filing, the filing does not help resolve queue issues. The October 31st Filing would make the queue issues worse by adding a private, bilateral parallel queue process that is not synchronized with all of PJM's new queue rules.

The current PJM interconnection queue does not include adequate thermal capacity to replace the potentially retiring thermal capacity. The apparent level of MW in the

interconnection queues substantially overstates the level of capacity MW that is likely to actually go into service in PJM markets for all resource types. While the improved queue processes will help resources get interconnected more efficiently and will allow resources that are ready to operate a faster option to commercial operation, PJM identified a gap in the rules and filed the RRI rules as a solution.

The October 31st filing states that all capacity is good capacity and that therefore the indiscriminating approval of whatever capacity the existing generation owner wants to add should get preferential treatment. That is not correct. All capacity is not created equal when it comes to addressing specific reliability needs. The only purpose of creating an expedited process is to permit the faster commercial operation of capacity resources that can address specific reliability issues. The PJM RRI process recognizes that fact and provides screening criteria to help ensure that the expedited new capacity will actually address the identified need.⁸

In the Interconnection Process Reform stakeholder process that created the Cycle Process, PJM facilitated the faster approval of resources that could be commercial sooner.⁹ In the recently approved RRI rules, PJM has taken an important additional step to establish an expedited PJM managed queue process to identify commercially viable projects that could address resource adequacy concerns, help eliminate or reduce the need for specific RMRs or that could address specific reliability needs and allow the identified projects to advance in the queue ahead of projects which have failed to make progress, subject to rules to prevent gaming. While the RRI process could be improved, it is an important step.¹⁰ The

⁸ 190 FERC ¶ 61,084 (2025)

⁹ PJM. Interconnection Planning Subcommittee (IPS) <https://www.pjm.com/committees-and-groups/subcommittees/ips>.

¹⁰ See Comments of the Independent Market Monitor for PJM, Docket No. ER25-712-000 (January 6, 2025) (“IMM RRI Comments”).

RRI process includes rules to permit PJM to advance projects in the queue if they would resolve immediate reliability issues that result, for example, from unit retirements. The RRI rules are consistent with the flexibility included in the new queue process but add the option for PJM to expedite the interconnection and commercial operation of projects in the queue that would address identified reliability issues, consistent with the standing of the projects in the queue. The RRI process allows PJM to consider a range of factors including commercial operation date and actual contribution to reliability.

The October 31st Filing would permit generation owners to directly transfer the retiring generation CIRs to an affiliate or directly sell the CIRs to an unaffiliated entity and then avoid the queue process. The October 31st Filing is about creating a process to maximize the value of existing CIRs to incumbent generators and not about facilitating the efficient replacement of retiring capacity resources with new capacity that can address the identified reliability need. In effect, this approach, if adopted by the large number of retiring units, would create a chaotic, bilateral private queue process, create market power and facilitate the exercise of market power in the sale of CIRs by incumbent generators, create the potential for delays and inappropriately delegate the authority from PJM to the incumbent generator to choose the new resource based on highest offer for CIRs rather than based on PJM defined system reliability needs.

For all these reasons, PJM has not shown this proposal to be either needed for the stated purpose or just and reasonable, and as a result the proposal should be rejected as not just and reasonable.

B. The October 31st Proposal Would Permit the Exercise of Market Power.

Competition starts with open access to the transmission grid. The fundamental purpose of the queue process is to provide open access to the grid and to ensure that the energy from capacity resources is deliverable so that capacity resources can meet their must offer obligations in the energy market and provide reliable energy supply during all conditions. The queue process was designed to take resources in order and has been

modified in the Cycle Process to allow resources to move forward faster if they that are ready to go commercial in a defined period. The process is about providing access within a PJM defined and administered process.

The current tariff already includes a design flaw that permits generation owners to retain the CIRs from retiring resources for one year and to directly use the CIRs for a new project or to sell the CIRs. The primary added feature is that the October 31st Filing would give such new projects special status in the interconnection queue and allow the projects selected by the existing generation owner to bypass the queue process. That special status has value to developers. As a result, developers would be willing to pay a premium for the CIRs that would result in that special status. The October 31st Filing is about creating a process to maximize the value of existing CIRs to incumbent generators and not about facilitating the efficient replacement of retiring capacity resources.

The core purpose of the October 31st filing is to permit current owners of capacity resources to sell the CIRs to new developers at higher prices. That was clear from the discussions in the stakeholder process where it was stated that one of the purposes of the proposal was to maximize the revenues from the sale of the CIRs. This purpose is never stated clearly in the PJM filing but that would unambiguously be the result. The sale of CIRs is already permitted under the existing tariff. This filing combines the ability to sell CIRs with unwarranted special treatment that would result from the creation of a new parallel private bilateral queue process that creates market power for the existing generation owner and increases the demand for the CIRs.

For all these reasons, PJM has not shown this proposal to be either needed for the stated purpose or just and reasonable, and as a result the proposal should be rejected as not just and reasonable.

C. The October 31st Filing Does Not Improve or Expedite the Interconnection Process.

The existing tariff already includes rules addressing the retention and transfer of CIRs.¹¹ The only actual purpose of the October 31st Filing is to permit a retiring generator to jump the interconnection queue directly or to sell the ability to jump the queue (CIRs) by creating a new parallel queue.

The suggestion that generation owners should be permitted to avoid the queue process and directly transfer the generation CIRs to an affiliate or directly sell the CIRs to an unaffiliated entity should be rejected.^{12 13} This proposed approach is about creating a process to maximize the value of existing CIRs to incumbent generators and not about facilitating the efficient replacement of retiring resources. In effect, the proposed approach would replace a significant part of the recently redesigned PJM queue process. The proposed continuation of retention of CIRs by incumbent generators creates the potential for delays of up to a year. This approach would inappropriately delegate the authority from PJM to the incumbent generator to choose the new resource based on highest offer for CIRs rather than based on PJM defined system reliability needs. PJM's recently proposed expedited process for addressing reliability needs (RRI) is preferable and should be considered as the preferred alternative to the proposed approach in the October 31st Filing.

¹¹ See OATT Part VIII, Subpart E, section 426 (Capacity Interconnection Rights).

¹² See PJM, "Enhancing Capacity Interconnection Rights (CIR) Transfer Efficiency: Problem / Opportunity Statement," which can be accessed at: <<https://www.pjm.com/-/media/committees-groups/subcommittees/ips/2023/20230731/20230731-item-08b---enhancing-capacity-interconnection-rights--cir---transfer-efficiency-problem-statement.ashx>>.

¹³ On April 30, 2024, the CIR Transfer Efficiency issue was transferred from the Interconnection Process Subcommittee (IPS) to the Planning Committee (PC).

For all these reasons, PJM has not shown this proposal to be either needed for the stated purpose or just and reasonable. The proposal should be rejected as not just and reasonable.

D. The October 31st Filing Does Not Help Reliability.

PJM's recently approved RRI process and SIS rules address all the issues assertedly addressed in the October 31st Filing. The October 31st Filing is unnecessary and actually inconsistent with the newly modified PJM interconnection processes. There is a clear contrast between the just revised PJM approach and the unacceptable approach proposed in the CIR Transfer Task Force by the owners of existing generation and filed on their behalf by PJM in the October 31st Filing.¹⁴

With the RRI approval, PJM has established an expedited PJM managed queue process to identify commercially viable projects that could address resource adequacy concerns, help eliminate or reduce the need for specific RMRs or that could address specific reliability needs and allow the identified projects to advance in the queue ahead of projects which have failed to make progress, subject to rules to prevent gaming. The RRI rules permit PJM to advance projects in the queue if they would resolve immediate reliability issues that result, for example, from unit retirements. The rules are consistent with the flexibility included in the new queue process but add the option for PJM to expedite the interconnection and commercial operation of projects in the queue that would address identified reliability issues, consistent with the standing of the projects in the queue.

The fundamental purpose of the queue process is to provide open access to the grid for supply resources. More specifically, the fundamental purpose of the queue process for capacity resources is to provide open access to the grid and to ensure that the energy from

¹⁴ The two sponsors of the package were East Kentucky Power Cooperative and Elevate Renewable Energy. *See* January 31st Filing at 3. Elevate Renewable Energy is an affiliate of ArcLight Capital Partners, LLC, a large owner of fossil generation in PJM.

capacity resources is deliverable so that capacity resources can meet their must offer obligations in the energy market and provide reliable energy supply during all conditions.

PJM's recently approved expedited process for addressing reliability needs (RRI) is preferable to the private bilateral approach in the October 31st Filing, should be made a permanent part of the PJM queue management process and should be considered as the preferred approach for addressing unit retirements and immediate reliability issues more generally. In the October 31st Filing, PJM filed the same Bielak Affidavit that was submitted in support of the RRI filing.¹⁵ Yet the RRI and the CIR transfer approaches are dramatically different. Much of the Bielak Affidavit identifies reliability challenges facing PJM. While the Market Monitor does not agree with many of the details in the affidavit, it is correct that PJM needs to add new, reliable capacity in a more efficient and effective way.¹⁶ The Market Monitor agrees with the bottom line recommendation in the Bielak Affidavit, which is to remove barriers to the commercial operation of new capacity resources. The RRI is a good step and makes it clear that the October 31st Filing does not do anything to improve the reliability of the PJM markets.¹⁷

The PJM queue process should continue to define available and needed CIRs for all capacity queue projects. The PJM queue process is based on a set of defined rules and is a much more efficient and equitable process for providing access to the grid than the proposed private process. Generation owners should not be given the unilateral right to determine who the next market entrant will be or to extract monopoly rents from potential new entrants. The value of CIRs is a result of the entire transmission system which has been

¹⁵ October 31st Filing, Attachment D (Affidavit of Mr. Donald Bielak) ("Bielak Affidavit").

¹⁶ For detailed analyses, see Monitoring Analytics, LLC, Analysis of the 2025/2026 RPM Base Residual Auction Parts A–F (September 20, 2024, etc.), which be accessed at: <https://www.monitoringanalytics.com/reports/Reports/2025.shtml>.

¹⁷ See IMM RRI Comments, *passim*.

paid for by customers and other generators. The value of CIRs is a result of the existence of a network and is not a result solely or even primarily of the investment that may or may not have been required in order to get CIRs.

For all these reasons, PJM has not shown this proposal to be either needed for the stated purpose or just and reasonable, and as a result the proposal should be rejected as not just and reasonable.

III. CONCLUSION

The Market Monitor respectfully requests that the Commission afford due consideration to this pleading as the Commission resolves the issues raised in this proceeding.

Respectfully submitted,



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Dated: November 21, 2025

CERTIFICATE OF SERVICE

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

Dated at Eagleville, Pennsylvania,
this 21st day of November, 2025.



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