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Monitoring Analytics

FOR IMMEDIATE RELEASE

2025 State of the Market Report for PJM

MARKET MONITOR FINDS PJM WHOLESALE ELECTRICITY MARKETS COMPETITIVE

(Eagleville, PA, March 12, 2026) PJM Interconnection's wholesale electric energy market produced competitive results during 2025, according to the *2025 State of the Market Report for PJM* released today by Monitoring Analytics, LLC, the Independent Market Monitor for PJM.

The Independent Market Monitor, Joseph Bowring, announced findings of the report today. The report is the Independent Market Monitor's assessment of the competitiveness of the wholesale electricity markets managed by PJM in 13 states and the District of Columbia. The report includes analysis of market structure, participant behavior and market performance for each of the PJM markets.

"Our analysis concludes that the results of the PJM Energy Market were competitive in 2025," Bowring said. "Our analysis concludes that the results of the capacity market auctions for the 2025/2026, 2026/2027, and 2027/2028 Delivery Years were not competitive, in significant part as a result of forecast demand for data centers."

Energy prices increased in 2025 from 2024. The real-time load-weighted average LMP in 2025 increased $16.99 per MWh, or 50.4 percent, from 2024, from $33.74 per MWh to $50.73 per MWh.

Of the $16.99 per MWh increase, $9.94 per MWh (58.5 percent) was in the fuel and consumables cost components of LMP, $2.64 per MWh (15.5 percent) was in the transmission constraint penalty factor component of LMP, $1.20 per MWh (7.1 percent) was in the market power components of LMP, $0.83 per MWh (4.9 percent) was in the scarcity component of LMP, and $0.25 per MWh (1.5 percent) was in the emissions cost components of LMP. The strike prices of pre-emergency demand response called on by PJM during the hot weather days in June and July increased the LMP by $0.67 per MWh, 4.0 percent of the increase in LMP.

The total cost of wholesale power increased in 2025 from 2024. Energy (59.6 percent), capacity (15.8 percent) and transmission (22.4 percent) are the three largest components of the total cost of wholesale power, comprising 97.9 percent of the total cost per MWh in 2025. The total cost of wholesale power increased $27.15 per MWh, or 48.9 percent, from $55.52 per MWh in 2024 to $82.67 per MWh in 2025. Of the $27.15 increase, the total cost of energy increased by $16.69 per MWh, 51.2 percent, the total cost of capacity increased by $9.48 per MWh, 262.3 percent, and the total cost of transmission increased by $0.80 per MWh, 4.5 percent.

Energy prices in PJM in 2025 were set, on average, by units operating at, or close to, their short run marginal costs, although this was not always the case. This is evidence of generally

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competitive behavior and competitive market outcomes, although high markups for some marginal units did affect prices.

The real-time hourly average load in 2025 increased by 3.7 percent from 2024, from 89,274 MWh to 92,568 MWh. PJM had a new winter peak load in 2025 and a new summer peak load in 2025.

In 2025, generation from coal units increased 19.0 percent, generation from natural gas units decreased 0.6 percent, generation from oil units increased 29.8 percent, generation from wind units increased 2.5 percent, and generation from solar units increased 41.2 percent compared to 2024.

Energy market net revenue is a key measure of overall market performance as well as a measure of the incentive to invest in generation to serve PJM markets. Theoretical energy market net revenues increased by 22 percent for a new combustion turbine (CT), increased by 20 percent for a new combined cycle (CC), increased by 142 percent for a new coal plant (CP), increased by 47 percent for a new nuclear plant, increased by 288 percent for a new diesel (DS), increased by 55 percent for a new onshore wind installation, increased by 49 percent for a new offshore wind installation and increased by 42 percent for a new solar installation.

In 2025, total energy uplift charges increased by $495.8 million, or 184.6 percent, compared to 2024, from $268.6 million to $764.5 million.

When there are binding transmission constraints and locational energy price differences, customers pay more for energy than generation is paid to produce that energy. The difference is congestion revenue. Congestion revenue belongs to customers and should be returned to customers. Total congestion increased by $1,419.1 million or 80.9 percent, from $1,754.4 million in 2024 to $3,173.5 million in 2025. Only 59.4 percent of total congestion paid by customers for the first seven months of the 2025/2026 planning period was returned to customers through the ARR and self-scheduled FTR revenues offset. The goal of the FTR market design should be to ensure that customers have the rights to 100 percent of the congestion that customers pay. Customers have received $5.8 billion less in congestion revenues than customers should have received, from the 2011/2012 planning period through the first seven months of the 2025/2026 planning period, as a result of flaws in the PJM FTR market design.

The Independent Market Monitor (also known as the IMM, the Market Monitoring Unit or the MMU) evaluates the operation of PJM's wholesale markets to identify ineffective market rules and tariff provisions, proposes improvements to market rules and tariff provisions when needed, monitors compliance with and implementation of the market rules, identifies potential anticompetitive behavior by market participants and provides comprehensive market analysis critical for informed policy and decision making. Joseph Bowring, the Market Monitor, ensures the independence and objectivity of the monitoring program.

For a copy of the State of the Market Report, visit Monitoring Analytics at: https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2025.shtml