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2026 Quarterly State of the Market Report for PJM: January through June

MARKET MONITOR FINDS PJM WHOLESALE ELECTRICITY MARKETS COMPETITIVE

(Eagleville, PA, August 13, 2026) PJM Interconnection's wholesale electric energy market produced competitive results during the first six months of 2026, according to the *2026 Quarterly State of the Market Report for PJM: January through June* 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 the first six months of 2026," 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, primarily as a result of the inclusion of forecast demand for data centers." The Market Monitor has recommended that forecast data center demand not be included in the capacity market and that data centers be required to bring their own new generation in order to help ensure that data centers do not continue to impose significant costs on other customers.

Energy prices increased in the first six months of 2026 from the first six months of 2025. The real-time load-weighted average LMP in the first six months of 2026 increased $20.79 per MWh, or 40.2 percent, from the first six months of 2025, from $51.75 per MWh to $72.54 per MWh.

Of the $20.79 per MWh increase in the real-time load-weighted average LMP, $9.43 per MWh (45.3 percent) was the transmission constraint penalty factor component of LMP, $7.26 per MWh (34.9 percent) was the fuel and consumables cost components of LMP, $1.82 per MWh (8.8 percent) was the market power components of LMP, and $1.06 per MWh (5.1 percent) was the emissions cost components of LMP.

The total cost of wholesale power increased in the first six months of 2026 from the first six months of 2025. Energy costs (63.5 percent), capacity costs (17.1 percent) and transmission costs (17.4 percent) are the three largest components of the total cost of wholesale power, comprising 98.0 percent of the total cost per MWh in the first six months of 2026. The total cost of energy per MWh increased by $23.47 from $49.21 in the first six months of 2025 to $72.68 in the first six months of 2026, an increase of 47.7 percent. The total cost of capacity per MWh increased by $13.23 from $6.39 in the first six months of 2025 to $19.61 in the first six months of 2026, an increase of 207.1 percent. The total cost of transmission per MWh increased by $1.06 from $18.82

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in the first six months of 2025 to $19.88 in the first six months of 2026, an increase of 5.6 percent. The total cost per MWh of wholesale power increased by $38.34 from $76.16 in the first six months of 2025 to $114.50 in the first six months of 2026, an increase of 50.3 percent.

The inclusion of data center load in the capacity market resulted in an increase in capacity costs and a corresponding increase in the total cost of wholesale power in PJM. In the first six months of 2026, the total cost per MWh of wholesale power increased by $11.11 (9.7 percent) from $103.40 to $114.50 as a result of the inclusion of data center load in the PJM Capacity Market. This cost increase does not include the impact on energy or transmission costs.

Energy prices in PJM in the first six months of 2026 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 competitive behavior and competitive market outcomes, although high markups for some marginal units did affect prices.

The real-time hourly average load in the first six months of 2026 increased by 2.5 percent from the first six months of 2025, from 90,914 MWh to 93,187 MWh.

Generation from coal units decreased 3.2 percent, generation from natural gas units increased 2.6 percent, generation from oil units increased 29.7 percent, generation from wind units increased 2.1 percent, and generation from solar units increased 23.9 percent in the first six months of 2026 compared to the first six months of 2025.

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 108 percent for a new combustion turbine (CT), increased by 76 percent for a new combined cycle (CC), increased by 125 percent for a new coal plant (CP), increased by 40 percent for a new nuclear plant, increased by 198 percent for a new diesel (DS), increased by 25 percent for a new onshore wind installation, increased by 40 percent for a new offshore wind installation and increased by 13 percent for a new solar installation.

Total energy uplift charges increased by $563.2 million, or 98.9 percent, during the first six months of 2026 compared to the first six months of 2025, from $569.2 million to $1,132.5 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 $2,275.0 million or 179.9 percent, from $1,264.7 million in the first six months of 2025 to $3,539.7 million in the first six months of 2026.

However, only 55.7 percent of total congestion paid by customers for the 2025/2026 planning period was returned to customers through the ARR and self-scheduled FTR revenues offset. Load was underpaid by $2.2 billion in the 2025/2026 planning period. This is the largest underpayment of congestion that load has experienced in a single planning period. 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 $7.1 billion less in congestion revenues

than customers should have received, from the 2011/2012 planning period through 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/2026.shtml