

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

Richland-Stryker Generation HoldCo LLC)	EL26-59-000
)	
v.)	
)	
PJM Interconnection, L.L.C.)	
)	
)	
LS Power, LLC)	EL26-60-000
)	
v.)	
)	
PJM Interconnection, L.L.C.)	
)	
)	(Consolidated)

**ANSWER AND MOTION FOR LEAVE TO ANSWER
OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rules 212 and 213 of the Commission’s Rules and Regulations,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),² submits this answer to the answers to complaints filed by PJM on May 7, 2026. PJM responds to complaints filed on April 7, 2026, separately, by Richland-Stryker Generation HoldCo LLC (“Richland-Stryker”)

¹ 18 CFR §§ 385.212 & 385.213 (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”).

and LS Power, LLC (“LS Power”) against PJM.³ Both complaints allege (at 1) that “PJM has, without notice, stopped following its longstanding rule providing a full remedy for a generator that completes a test of its ability to provide its full seasonal capacity commitment “out of period” but still in the same season” [emphasis removed]. PJM states (at 4) that the intent and meaning of its tariff market rules is that “Test Failure Charges would be assessed against Generation Capacity Resources for every single day of that season in the Delivery Year during which the Resources were unable to physically demonstrate that they could meet their capacity commitment” and that “[a]ny prior excusals for Test Failure Charges would no longer apply.” The notice was provided in PJM’s filing in Docket No. ER24-99 on October 13, 2023, in which PJM significantly modified the tariff rules related to the definition of reliability and the obligations of capacity resources in the PJM markets.

The Commission should reject the complainants’ attempt to interpret a testing construct in a way that is fundamentally incompatible with the seasonal accreditation and reliability reforms approved by order issued January 30, 2024 (“January 30th Order”).⁴ There was no reason for PJM to change the language of the manuals because the manual language is fully consistent with the revised capacity market rules. There was and is no reason to think that the manual language would or should be interpreted based on tariff language that has been replaced rather than the current tariff language as approved in the January 30th Order. The revised Tariff and Manuals establish that a successful out of period test may demonstrate capability prospectively from the date of the successful test, but does not retroactively erase Generator Rating Test Failure Charges accrued during the period in which the resource failed to demonstrate accredited capability. The fundamental point is that capacity payments are

³ EPISA, P3 and ArcLight have filed supporting comments, demonstrating the significant impact of accepting the complainants’ misinterpretation of the January 30th Order and the capacity market rules that the Order approved and thereby undermining the performance incentives incorporated in the January 30th Order.

⁴ See *PJM Interconnection, L.L.C.*, 186 FERC ¶ 61,080.

payments for actual availability, that capacity payments are not earned if a resource is on outage, and that no after the fact test can change the fact that a unit was previously unavailable. The complainants want to be paid despite the fact that they did not actually provide the capacity that they had sold.

I. ANSWER

A. The Reforms in the January 30th Order Fundamentally Reoriented PJM's Capacity Framework Around Demonstrated Seasonal Reliability Value

The reforms approved in the January 30th Order represented a comprehensive restructuring of PJM's resource adequacy framework in response to increasing correlated outage risk, seasonal reliability concerns, and the demonstrated inadequacy of traditional average based accreditation metrics for stressed system conditions. PJM explained that the reforms were necessary because historical approaches overstated resource availability during actual periods of system risk, particularly during winter reliability events such as Winter Storm Elliott.

Central to the reforms was PJM's transition to a marginal Effective Load Carrying Capability ("ELCC") accreditation method designed to ensure that accredited UCAP values reflect a resource's actual expected contribution to reliability during hours of resource adequacy risk. Under this ELCC framework, capacity value is inherently temporal and performance based: a resource provides reliability value only during the periods in which it is capable of performing.

The seasonal testing reforms must therefore be interpreted consistently with the broader reliability principles approved in the January 30th Order. Seasonal testing no longer serves merely as an administrative compliance exercise. Rather, seasonal testing functions as an operational validation mechanism confirming whether a resource is entitled to receive capacity revenues associated with its accredited seasonal capability.

Under the new structure, a resource that cannot demonstrate capability during a portion of the applicable season necessarily failed to provide the accredited reliability value

for that period. A later successful test cannot retroactively supply the missing reliability benefit that was absent during the earlier period of deficiency.

B. The Tariff and Manuals Do Not Provide for A Retroactive Cure of Previously Accrued Deficiency Charges

The complainants improperly attempt to infer a retroactive cure mechanism that does not appear in the currently effective Tariff or Manuals.

The revised Manual 21B provides that a failed or missed seasonal test “will result in an assessment of a Generation Resource Rating Test Failure Charge.”⁵ The governing provisions focus on “testing shortfalls” and the accrual of deficiency charges associated with a resource’s inability to demonstrate accredited capability during the applicable seasonal period.

Critically, neither the Tariff nor the Manuals state that previously accrued Generator Rating Test Failure Charges can or should be retroactively reversed following a later successful out of period test. Nor do the governing provisions state that a later successful test retroactively establishes capability for prior periods in which the resource failed to demonstrate accredited seasonal capability.

Instead, the revised framework aligns the existence of charges with the existence of an actual capability deficiency during the relevant seasonal period. Once that period has passed, the reliability deficiency cannot be undone retroactively because the system did not receive the accredited reliability value during the affected interval.

The complainants rely heavily on the statement in Manual 21B that an out of period test “may remedy a test shortfall.”⁶ But that phrase does not provide for retroactive elimination of previously accrued charges. The test establishes that a successful out of period

⁵ See “PJM Manual 21B: PJM Rules and Procedures for Determination of Generating Capability,” § 10.3.3, Rev. 5 (January 22, 2026).

⁶ See “PJM Manual 21B: PJM Rules and Procedures for Determination of Generating Capability,” § 10.3(7), Rev. 5 (January 22, 2026).

test may establish the resource's demonstrated capability going forward; may terminate the continuing accrual of deficiency charges; or may resolve the resource's then existing testing deficiency status.

Nothing in the governing language requires or permits PJM to disregard the resource's actual inability to demonstrate accredited capability during the earlier deficient period. To do so would undermine the core purpose of the approved capacity market reforms.

C. PJM's Interpretation Is Consistent with the Purpose of ELCC Accreditation and Seasonal Capability Validation

The complainants' interpretation would undermine the central purpose of the reforms approved in the January 30th Order.

The Commission approved the ELCC framework precisely because average annual availability metrics failed to reflect actual reliability risks during stressed conditions. PJM explained throughout the proceeding that led to the January 30th Order that the new framework was intended to align capacity compensation with demonstrated performance during periods of resource adequacy risk. That is exactly the result that PJM supports in this matter and that the Market Monitor supports.

Permitting a resource that was unavailable during actual seasonal risk periods to later erase all associated deficiency charges through a subsequent test would reintroduce the very disconnect between accreditation and real world reliability performance that the reforms approved in the January 30th Order were designed to eliminate.

Under the complainants' theory, a resource could fail to perform during the period in which the system actually faced reliability risk, deprive the system of accredited reliability value during that interval, and nevertheless avoid all financial consequences through a later demonstration conducted after the relevant risk period had passed.

That outcome would fundamentally conflict with the ELCC framework's objective of ensuring that accredited megawatts correspond to actual deliverable reliability value during the periods for which those megawatts are compensated.

D. The Remaining Manual Reference to “Remedy[ing] a Test Shortfall” Does Not Require or Permit Retroactive Elimination of Previously Accrued Charges

The complainants misunderstand Manual 21B’s statement that an out of period test “may remedy a test shortfall.” That provision is fully consistent with PJM’s prospective only interpretation.

A successful out of period test “remedies” the shortfall only in the sense that it demonstrates the resource’s restored capability, establishes the resource’s applicable capability value going forward, and terminates the continuing accrual of future deficiency charges.

Nothing in that phrase, however, states or implies that previously accrued charges should or could be retroactively rescinded.

Indeed, interpreting the phrase to mandate retroactive elimination of prior charges would conflict with the broader structure and purpose of the revised ELCC framework. Complainants would construe manual language out of context, inconsistently with the tariff, and in a manner that would defeat the overall design and reliability objectives of the capacity market reforms approved in the January 30th Order. There is no ambiguity. There is no reason to interpret a manual rule in a way that would undermine the revised tariff and Commission approved reliability objectives rather than in the way that is fully consistent with the tariff.

E. PJM Is Properly Applying the Commission Approved Seasonal Capability Framework

Generator Rating Test Failure Charges accrue based on a resource’s contemporaneous failure to demonstrate accredited seasonal capability during the applicable testing period. PJM is applying the existing Tariff and Manuals as they operate during the relevant delivery year by assessing charges associated with actual demonstrated testing shortfalls.

The reforms approved in the January 30th Order provided extensive notice that PJM was fundamentally restructuring capacity accreditation, seasonal reliability obligations, and testing requirements to align capacity compensation with demonstrated reliability performance during periods of resource adequacy risk. The reforms repeatedly emphasized

seasonal reliability concerns, correlated outage risk, operational verification of accredited capability, and stronger alignment between accredited UCAP values and actual reliability contribution.

The asserted ambiguity in the identified manual language is not ambiguous at all when evaluated in light of the broader structure, purpose, and reliability objectives of the Commission-approved seasonal accreditation reforms in the January 30th Order. The testing provisions must be consistent with the central purpose of the ELCC framework: ensuring that accredited megawatts correspond to actual demonstrated reliability capability during the periods for which those megawatts receive capacity compensation. The complainants would interpret the identified manual language in a manner that directly contradicts the principles and rules approved in the January 30th Order.

F. The Commission Should Preserve the Integrity of the Seasonal Accreditation Framework

The relief requested by the complainants would materially weaken the integrity of PJM's seasonal accreditation regime.

The Commission approved the reforms in the January 30th Order to address serious and growing reliability risks arising from correlated outages, fuel supply failures, seasonal weather risk, and changing system conditions. Those reforms depend upon ensuring that accredited UCAP values correspond to demonstrated operational capability during the periods for which those values are relied upon.

A rule permitting retroactive elimination of deficiency charges despite actual seasonal unavailability would dilute performance incentives, weaken accreditation accuracy, and undermine the reliability objectives animating the ELCC reforms.

The Commission should therefore confirm that, under the approach to capacity defined by the tariff rules approved in the January 30th Order, Generator Rating Test Failure Charges properly accrue during periods in which a resource fails to demonstrate accredited seasonal capability; and, a later successful out of period test may establish capability

prospectively but does not retroactively erase previously accrued charges associated with earlier periods of deficiency.

II. MOTION FOR LEAVE TO ANSWER

The Commission's Rules of Practice and Procedure, 18 CFR § 385.213(a)(2), do not permit answers to answers or protests unless otherwise ordered by the decisional authority. The Commission has made exceptions, however, where an answer clarifies the issues or assists in creating a complete record.⁷ In this answer, the Market Monitor provides the Commission with information useful to the Commission's decision making process and which provides a more complete record. Accordingly, the Market Monitor respectfully requests that this answer be permitted.

III. CONCLUSION

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

Respectfully submitted,



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⁷ See, e.g., *PJM Interconnection, L.L.C.*, 119 FERC ¶61,318 at P 36 (2007) (accepted answer to answer that "provided information that assisted ... decision-making process"); *California Independent System Operator Corporation*, 110 FERC ¶ 61,007 (2005) (answer to answer permitted to assist Commission in decision-making process); *New Power Company v. PJM Interconnection, L.L.C.*, 98 FERC ¶ 61,208 (2002) (answer accepted to provide new factual and legal material to assist the Commission in decision-making process); *N.Y. Independent System Operator, Inc.*, 121 FERC ¶61,112 at P 4 (2007) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process).

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Dated: May 22, 2026

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 22nd day of May, 2026.



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