

# Tracking Ownership Positions in PJM

MMUAC

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Nick O'Brien

Catherine Tyler

Kyungjin Yoo



Monitoring Analytics

# Ownership Tracking

- **Purpose of tracking ownership**
  - **Market power monitoring**
    - Measuring structural market power
    - Monitoring market behavior
    - Application of the Three Pivotal Supplier test
  - **Identifying affiliates**
    - Tracking incentives
    - Monitoring for cross product manipulation
    - Potential collusion

# Parent Company

- **The IMM identifies a parent company for each generator.**
- **Used in PJM market power mitigation process in the energy, capacity, and regulation markets**
  - **Three pivotal supplier test (TPS)**
  - **Market shares**
  - **HHI**

# Market Power Metrics

- **Market share**
- **HHI**
  - **Sum of squared market shares**
  - **Relation to elasticity of demand**
- **Three pivotal supplier test (TPS)**
  - **Pivotal suppliers**

# Monitoring Ownership Concentration

- The largest owners of installed capacity cleared in the RPM auction.

Parent Company	01-Jan-25			31-May-25			01-Jun-25			30-Sep-25		
	ICAP (MW)	Percent of Total ICAP	Rank	ICAP (MW)	Percent of Total ICAP	Rank	ICAP (MW)	Percent of Total ICAP	Rank	ICAP (MW)	Percent of Total ICAP	Rank
Constellation Energy Generation, LLC	20,193.6	13.9%	1	20,132.8	14.1%	1	20,191.3	12.0%	2	20,191.3	12.0%	2
LS Power Equity Partners, L.P.	12,691.6	8.7%	2	12,882.0	9.0%	2	11,689.7	7.0%	4	10,594.9	6.3%	4
Vistra Energy Corp.	11,748.5	8.1%	3	11,758.4	8.2%	3	12,234.5	7.3%	3	12,234.5	7.3%	3
ArcLight Capital Partners, LLC	11,406.1	7.9%	4	11,385.6	8.0%	4	11,510.0	6.9%	5	6,658.4	4.0%	7
Talen Energy Corporation	10,169.2	7.0%	5	10,142.0	7.1%	5	10,004.0	6.0%	6	9,885.9	5.9%	5
Dominion Resources, Inc.	299.8	0.2%	47	419.0	0.3%	43	22,063.2	13.1%	1	21,925.2	13.0%	1



# Herfindahl–Hirschman Index (HHI)

- HHI is a traditional measure of market power.

$$HHI_h = \sum_i \frac{MW h_{ih}}{\sum_i MW h_{ih}}$$

- HHI is used by FERC as one metric in evaluating mergers and acquisitions.

# Three Pivotal Supplier Test

- The TPS test takes into account the market power created by supply/demand balance.
- A company has market power if market demand cannot be met without its supply.

$$RSI3_j = \frac{\sum_{i=1}^n s_i - s_1 - s_2 - s_j}{D}$$

Where

- $D$  is total market demand
- $\sum_{i=1}^n s_i$  is total available market supply
- $s_1, s_2$  are the supply of the two largest suppliers
- $s_j$  is the supply of the supplier being tested

# Increasing Complexity of Ownership

- **The increased role of private equity has complicated the process of ownership tracking.**
- **Companies may have multiple owners with many affiliations with other market participants.**
- **The web of affiliations is a challenge for FERC in ensuring that the markets remain competitive.**

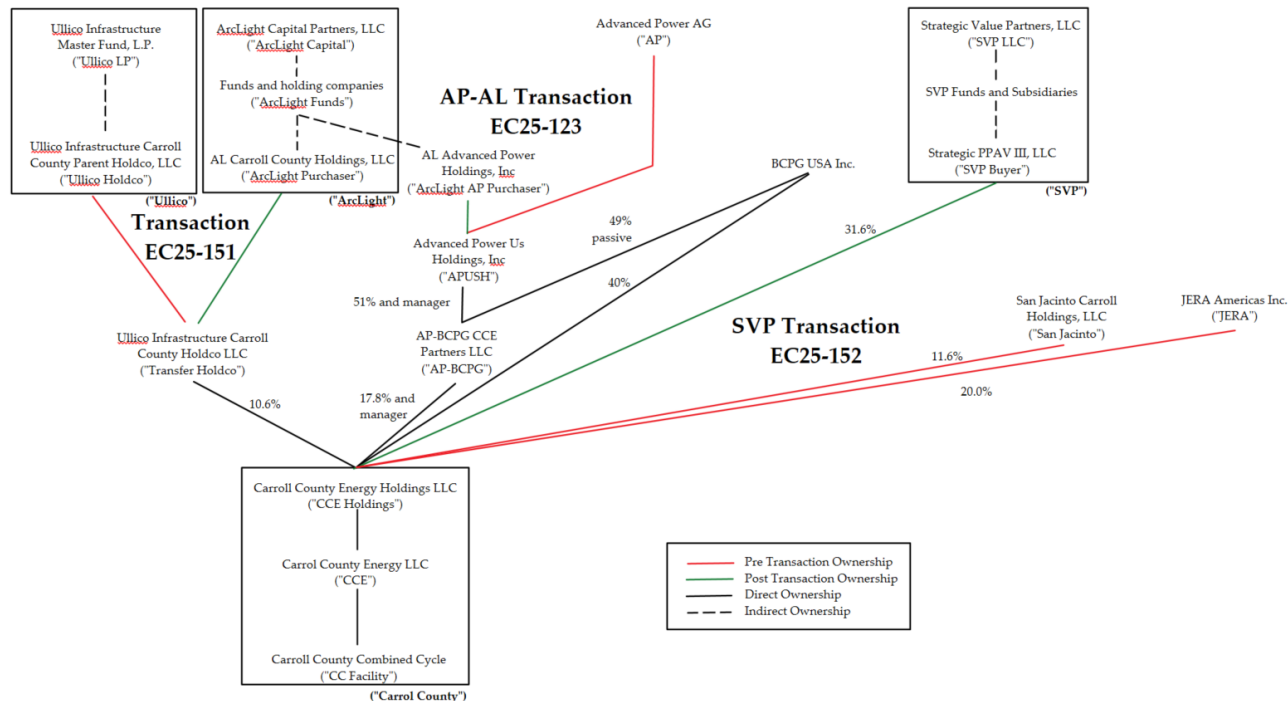


# Example Ownership Transaction Structure

Interconnected FERC 203 Applications for Carroll

County

EC25-123, EC25-151, and EC25-152



\*Ownership shares are 100% unless otherwise noted

## Recent Filings

- **Commenting and requesting clarifications in FERC 203 dockets**
- **Tracking ownership positions**
- **Protesting transactions at FERC that increase market power**
- **Focus on sequential transactions with separate evaluations**

**Monitoring Analytics, LLC**

**2621 Van Buren Avenue**

**Suite 160**

**Eagleville, PA**

**19403**

**(610) 271-8050**

**[MA@monitoringanalytics.com](mailto:MA@monitoringanalytics.com)**

**[www.MonitoringAnalytics.com](http://www.MonitoringAnalytics.com)**

