

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

PJM Interconnection, L.L.C.)	
)	Docket No. ER26-527-000
)	

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 November 14, 2025 (“November 14th Filing”).

The November 14th Filing proposes revisions to the PJM Tariff to document and improve the current PJM market power mitigation practice of offer capping resources that are committed in advance of the PJM Day-Ahead Energy Market.

The Market Monitor supports the November 14th Filing and recommends that it be approved.

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”).

I. COMMENTS

The PJM energy market starts with the day-ahead energy market. Using the day-ahead energy market, PJM commits generation resources for the next operating day.³ Under some conditions, PJM commits specific generation resources in advance of the day-ahead energy market in order to maintain reliability. As explained by PJM (at 5), this process has historically been used to schedule resources for projected transmission constraints.

After the events of Winter Storm Elliott in 2022, PJM changed their advance commitment practice to address generation performance issues. PJM began to commit generation resources a day or more in advance of the day-ahead energy market to address two risks to reliability:

- Some generation resources cannot start or operate reliably below a defined temperature. Some generation resources have provided PJM with their cold weather temperature limits, the lowest temperatures at which the resource can start reliably and can operate reliably. Based on this risk, PJM commits resources in advance of the day-ahead energy market in order to ensure that the resources will be able to start before the cold temperatures begin and continue to operate during the cold temperatures.
- Gas pipeline nomination periods mean that gas fired resources face the risk of not being able to procure fuel after the timely nomination deadline (14:00 EPT) or after gas trades become illiquid. Based on this risk, PJM commits gas fired resources in advance of the day-ahead energy market in order to allow gas fired resources to nominate gas during the timely nomination cycle and/or purchase gas during the window of liquid trades. For example, PJM commits gas fired

³ See OA, Schedule 1, § 1.10.1A(f) and PJM, Manual 11: Energy & Ancillary Services Market Operations, § 2.3.1 rev. 136, (Oct. 1, 2025), <<https://www.pjm.com/-/media/DotCom/documents/manuals/m11.pdf>>.

resources for multiple days prior to long weekends because gas is purchased for multiple days (e.g. weekend package) and most of the gas is traded on the last business day prior to the weekend.

In the November 14th Filing, PJM proposes that resources committed in advance of the day-ahead energy market (regardless of the reason, for example, transmission constraints or generator performance risk) be committed on their cost-based offers. This is necessary to avoid the exercise of market power. The cost-based offers are competitive offers. These resources have market power because PJM has told them that they are needed for reliability. These resources are pivotal. Market power can be exercised if these resources are allowed to set prices or be compensated (via uplift) at a price that exceeds their cost-based offers. This can occur because resources (except resources with a notification time or start time of 24 hours or more) are allowed to increase their price-based offers up to 11:00 EPT the day before the operating day (if cleared in the day-ahead energy market) or 65 minutes prior to the time PJM logs the unit in real time (if the resource does not clear the day-ahead energy market).

Committing these resources on their cost-based offers prevents the exercise of market power while allowing resource owners to reflect the cost of fuel. Resource owners retain the ability to update costs (increase or decrease) prior to the day-ahead energy market deadline and throughout the operating day. Under PJM's intraday offer rules and Fuel Cost Policy rules, resource owners can make updates to their cost-based offers as long as those updates follow the methods specified in their approved Fuel Cost Policies.

As the November 14th Filing explains (at 7–9), the fact that PJM commits, outside the market, to the use of specific resources that it requires for reliability, results in market power for these resources. These generators know before the market offer deadline that their resources will be committed and that they face no competition. Use of cost-based offers is necessary to prevent the resources from raising their offers after the commitment, exercising market power, and raising market prices above the competitive level because

there is no competition from other suppliers. That outcome is not competitive or efficient. For this reason, the Market Monitor supports the November 14th Filing.

II. 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: December 5, 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 5th day of December, 2025.



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