UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.	)	Docket No. ER27-167-000

COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 211 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 these comments responding to the filing submitted by PJM Interconnection, L.L.C. ("PJM") on October 15, 2026 ("October 15th Filing"). The October 15th Filing proposes to amend the OATT to add a pro forma reliability must run service agreement ("RMR Agreement") and modify existing rules that address how units will operate under the pro forma RMR Agreement.

The Market Monitor supports the stated objective of the October 15th Filing (at 3), which is to establish uniform performance and availability requirements. However, PJM added unsupported and objectionable provisions that have nothing to do with these objectives, including provisions that change the definition of catastrophic force majeure for RMR resources only, without support, that require customers to overpay for RMR service, and that create unnecessarily limiting notice requirements for the inclusion of RMR resources in the capacity market. In addition, PJM failed to clarify existing provisions that must be clarified in order to meet PJM's objectives of administrative efficiency in managing

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1 18 CFR § 385.211 (2026).

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").

RMR issues, including failing to adequately define market revenue offsets to RMR compensation, and failing to clarify the rules for review and rejection of inappropriate costs for RMR resources. Finally, PJM failed to remove a temporary provision that is inconsistent with PJM's objectives and which PJM apparently overlooked, that allows private third party entities to override PJM's defined reliability needs and operating decisions and impose significant costs on customers by preventing the operation of an RMR resource.

For all these reasons, PJM has not shown that the proposed changes are just and reasonable. The October 15th Filing should be rejected unless the Commission requires PJM to include the modifications recommended by the Market Monitor. Such enhancements are necessary to support a finding that the RMR Agreement is just and reasonable and supports PJM's stated objectives. In the absence of those conditions the October 15th Filing is not just and reasonable.

I. COMMENTS

A. PJM's Filing Includes Unacceptable Provisions That Are Not Consistent with PJM's Stated Objective

The October 15th Filing includes a number of provisions that are not consistent with PJM's stated overall purpose (at 6) "establish a pro forma RMR Agreement and necessary tariff revisions that will set standardized terms and conditions for RMR resources, expedite the retention of those resources, and allow such RMR Resources to be counted towards meeting PJM's capacity needs." The Market Monitor supports the overall purpose of the October 15th Filing.

1. PJM Fails to Support Its Proposed Addition of a Conflicting Definition of Catastrophic Force Majeure to the PJM Market Rules.

The October 15th Filing includes a definition of Catastrophic Force Majeure in Section 1.0 of the RMR Agreement that conflicts with the definition of the same term in Section 1 of

the OA. The definition of Catastrophic Force Majeure is a significant matter as it defines the meaning of extreme situations and affects the assignments of responsibilities in extreme situations, including who bears costs.[3] Given the fact that PJM provided extensive and persuasive reasoning when it modified and the Commission accepted the current definition of Catastrophic Force Majeure, it is surprising that PJM now attempts to change the definition without explanation. The proposed change has not been shown to be just and reasonable.

PJM explained the purpose of the provision when it proposed to add the defined term Catastrophic Force Majeure to the OA:

> As a result of having so considered the numerous references to, and definitions of, 'force majeure' in PJM's agreements, PJM is proposing changes based on the proposition that:
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> (1) in centralized, multilateral markets, such as PJM's energy, capacity and ancillary services markets, there should be only very narrow excuses allowed by reason of force majeure; and
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> (2) in non-market, bilateral contexts arising in PJM's transmission system, operations and planning contexts, such as circumstances involving the
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> Accordingly, this filing proposes to considerably and explicitly narrow current force majeure provisions that could be invoked to excuse performance in PJM's markets, including a Capacity Performance Resource's performance. This action is necessary because PJM's current force majeure provisions purport to offer exceptionally expansive 'outs' that are fundamentally incompatible with, and would frustrate, PJM's markets. PJM's proposed revisions to its force majeure provisions are similar to the approach taken to force majeure in other centralized, multilateral commodity markets, in particular energy contracts traded on the New York Mercantile Exchange ("NYMEX")…[4]

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[3] *See PJM Interconnection, L.L.C.*, 151 FERC ¶ 61,208 at PP 462–470 (2015).

[4] PJM Filing, Docket No. ER15-623-000 (December 12, 2014) at 5.

PJM's proposal was hotly contested, but the Commission approved it, explaining:

> [T]he risk of capacity resource non-performance must be borne by either capacity suppliers or consumers, and capacity suppliers are in the best position to assess and price the performance risk associated with their resources, including performance risks beyond a resource owner's control, such as weather-related outages.[footnote omitted] Under PJM's proposed definition of Catastrophic Force Majeure, a resource will be excused from its performance in the event that all, or substantially all, of the electric transmission or fuel delivery infrastructure in the PJM region is incapacitated. We find this definition consistent with the principle that risk should be borne by the party that is best able to assess and price it.[5]

The October 15th Filing does not indicate the inconsistency of the newly proposed weaker definition of Catastrophic Force Majeure in the RMR Agreement and the existing definition of Catastrophic Force Majeure in the OA. The October 15th Filing fails to support the change to the definition, or even explain or discuss it. PJM fails to discuss why PJM does not follow its explicitly stated practice of consolidating the listing of defined terms in one place to avoid confusion.[6]

The omission is significant because the October 15th Filing would create inconsistent definitions of Catastrophic Force Majeure which is a significant term in the PJM Market Rules. The current definition in the OA should continue to be used throughout the PJM Market Rules including the RMR provisions.

PJM has not demonstrated or attempted to demonstrate that the new definitions are just and reasonable. PJM failed to compare the revised definitions or to explain the

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5 151 FERC ¶ 61,208 at P 464.

6 *See* PJM Filing, Docket No. ER16-1737-000 (May 19, 2016) at 2–3 ("PJM is also proposing to consolidate several existing definition sections within each governing document into a single definition section at the beginning of each governing document,[footnote omitted] … These revisions will make PJM's governing documents easier to review and reference, and reduce confusion among stakeholders, who often had to look to multiple definition sections within a single governing document to locate a given definition.").

differences. PJM failed to explain why these new definitions are related to their objectives. For these reasons the revised definitions should be rejected because they have not been demonstrated to be just and reasonable.

2. PJM Proposes to Require Customers to Pay More than RMR Costs to Generation Owners

The October 15th Filing added a provision that would permit the RMR generation owner to retain overpayments by customers at the end of the contract. Rather than clarifying and simplifying and making provisions more consistent, the October 15th Filing changes the fundamental terms of the contract. The October 15th Filing would permit the generation owner to retain cumulative overpayments by customers at the end of the contract.[7] There is simply no reason to include this provision in the RMR contract. The entire point of the RMR Agreement is to ensure that it is fully compensatory. PJM asserts that the RMR provisions are fully compensatory. There is no reason to require customers to pay more than the defined costs by allowing the RMR owner to keep revenues that are greater than costs. In addition to making no sense in a contract to require overpayment based on accounting mismatches, this provision creates an incentive to create such accounting mismatches. This provision has nothing to do with PJM's stated intent in making this filing. This provision is a straightforward effort to require customers to pay more for RMR service than the pro forma contract provides. There is no attempt to justify this overpayment. PJM has not explained why the existing tariff is not just and reasonable on this point. This provision is not fair to customers. For all these reasons this provision should be rejected as unjust and unreasonable. In general, and related to this provision specifically, the fact that a majority of PJM members approved the filing that included this provision to require load to pay for costs that were not incurred is irrelevant. Customers

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[7] See October 15th Filing, Attachment A, Proposed Revised OATT § 114.

were not asked if they agreed to overpay for RMR service in a direct accounting sense, apart from the other problems with the RMR construct.

3. PJM Fails to Remove Provision Allowing A Private Third-Party Entity to Override PJM Operations and Reliability

Section 5.3(b)(i) of Attachment DD to the OATT makes permanent the requirement that any RMR resource "shall be deemed to be the subject of a Sell Offer at $0/MW-Day in the Base Residual Auction for the full available Accredited UCAP …" However, PJM fails to remove Section 5.3(b)(i)(A) that further provides that this obligation applies only if the resource: "is not prohibited from operating during the relevant Delivery Year based on any bilateral restrictions with any private third-party entity.;" This current provision was set to expire by its terms unless extended by order. This provision should not continue to remain in force permanently by retaining it in the RMR Agreement as PJM proposes. This partial sentence, embedded within the appropriate requirement that RMR resources are treated as capacity resources, would permit "any private third-party entity" to prevent the RMR resource from being treated as capacity despite the Commission's order requiring that it be treated as capacity. As is well known from the history of Brandon Shores, the failure to treat an RMR resource as capacity in the capacity market imposes very large costs on all customers in the zone where the RMR resource is located. As is also well known, the Sierra Club had such a private third-party entity agreement with Talen Energy Corp. that created such "bilateral restrictions." No private entity, regardless of its intentions, should be permitted to override PJM rules and impose costs on PJM customers. In addition to the capacity costs imposed on PJM customers, such agreements with private third-party entities would prevent PJM operations from actually using the RMR unit to provide its needed reliability functions, rendering the RMR agreement effectively meaningless. For all these reasons, this condition is not just and reasonable and should be rejected and removed from the RMR Agreement conditions.

4. PJM Includes Overly Restrictive Deadline for Including RMR in the Capacity Market

The October 15th Filing links the RMR Agreement to Section 5.3(b)(i)(I) of Attachment DD to the OATT, which requires that compensation for an RMR resource be "accepted by the Federal Energy Regulatory Commission to be effective for the relevant Delivery Year at least three months prior the posting of the planning parameters." This provision should not continue to be included in the RMR Agreement and should not be the default rule. This requirement could result in RMR resources not being included as capacity and therefore imposing large costs on the customers in the area where the RMR is located. This deadline is arbitrary. The deadline should be that FERC acceptance occurs prior to the actual capacity auction. This would be consistent with the ability of sellers in the PJM BRA to change their offers up to and during the capacity auction period.

B. PJM Fails to Include Clear and Enforceable Definition of Market Revenue Offsets to RMR Costs.

PJM's proposed RMR Agreement does not adequately define the market revenues that must be credited against RMR compensation or establish a sufficiently detailed method for calculating the required offsets. Section 5.0 of the RMR Agreement provides generally that PJM will credit "any and all monthly net revenues" generated from sales of wholesale energy and ancillary services by the RMR resource against the charges paid to the Generation Owner for RMR Service. However, the RMR Agreement does not define the components of net revenues, identify the permissible costs that may be deducted in calculating those revenues, or establish safeguards against the recovery of the same operating costs through both market revenues and RMR compensation. Nor does the RMR Agreement clearly establish that all payments, credits, and other revenues attributable to the resource's participation in PJM markets and settlements must be included in the offset calculation. These omissions are material because the purpose of RMR compensation is to compensate a generator for the costs of continued operation necessary to address a reliability need, not to provide an opportunity for duplicative cost recovery or excessive

compensation. The deficiencies are compounded by the RMR Agreement's provision allowing a Generation Owner to retain positive net revenues exceeding total RMR charges at the conclusion of the agreement term. Without a clearly defined and independently verifiable revenue offset method, PJM cannot ensure that the total compensation received by an RMR resource appropriately reflects its actual net costs of continued operation. The Commission should therefore require PJM to define gross market revenues comprehensively, specify the limited and verifiable operating costs that may be deducted, prohibit double recovery of costs already recovered through RMR compensation, and establish monthly reconciliation and reporting requirements that provide the Market Monitor sufficient information to verify the calculation of all market revenue offsets.

The absence of clear rules defining revenue and net revenue means that the RMR Agreement is not enforceable. As a result, the October 15th Filing has not been shown to be just and reasonable. For these reasons, this unenforceable provision is not just and reasonable and should be rejected or modified as recommended.

C. PJM Fails to Clarify and Strengthen the Rules for Review of RMR Costs.

The Market Monitor interprets the RMR Agreement to mean that the Market Monitor has the responsibility and the authority to ask for all supporting documentation that the Market Monitor requires in order to verify the need for any Project Investment ("PI"), the level of the PI cost, the need for any other claimed cost and the level of any other claimed cost.

The RMR Agreement should make explicit that the Market Monitor has the responsibility and the authority to challenge any PI cost or any other claimed cost and establish an efficient process for review that could result in the disallowance of inappropriate PI costs or any other costs after Commission review.

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: November 12, 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 12th day of November, 2026.



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