

support in whatever amount PJM requires” and “requests that the Commission find that it is entitled to continue to recover its current reactive power revenue requirement on and after it would otherwise expire on June 1, 2026.”

Order No. 904 has addressed all the issues raised by PSEG in the Petition. The Petition is unsupported and without merit and should be rejected.

The Petition would transform the Interconnection Agreement into a contractual right to be paid for reactive in direct violation of Order No. 904. Many if not all IAs for other generating units in PJM require the provision of reactive as a condition of interconnection. The Petition is an attempt to reverse Order No. 904 and, for all the reasons stated in that order, should be rejected.

As a secondary matter, the Petition ignores the related changes to the market rules included in Order No. 904 that will be implemented by PJM effective June 1, 2026.⁴ Order No. 904 removes the net revenue offset related to reactive power from the capacity market demand curve and increases capacity market revenue for Salem and all capacity resources.

The Petition also ignores the fact that Salem and other generators will continue to be compensated for reactive power when specifically called on by PJM.

The Petition should be denied for lack of merit.

Regardless of the substance, the Petition is procedurally deficient and should be rejected for that reason.

⁴ See *Compensation for Reactive Power within the Standard Power Factor Range*, Order No. 904, Docket No. RM22-2-000, 189 FERC ¶ 61,034 (2024) (“Order No. 904”), *order on reh’g*, Order No. 904-A, 191 FERC ¶ 61,188 (2025); *PJM Interconnection, L.L.C.*, 192 FERC ¶ 61,113 (2025) (“904 Compliance Order”).

I. COMMENTS

A. The Salem ISA Does Not Provide for Compensation for Electric Power, Including Reactive Power.

In its Petition, PSEG seeks (at 1) “confirmation that the Salem Nuclear Generating Station (the ‘Salem Station’) has an ‘independent contractual right,’ ... to continue to receive compensation for reactive power that it supplies to [PJM] as a result of the unique terms and conditions of its interconnection agreement (the ‘Salem IA’).” PSEG cites to Section 4.2.2 of the Salem ISA:

Voltage or Reactive Control Requirements. Unless otherwise agreed to by the Parties or authorized or directed by [PJM], the Generating Station Owners shall operate Salem Station with automatic voltage control regulation equipment in service at all times. When in service, such voltage regulation equipment shall control at the Points of Interconnection consistent with the range of voltages as prescribed by the Local System Operator pursuant to applicable law, PJM requirements and Good Utility Practice. . . . From time to time, to the extent authorized or directed by [PJM], *the Local System Operator may require the Generating Station Owners to provide reactive power from Salem Station or to absorb reactive power from the Transmission System, provided that, in either cases, Salem Station is operating within its reactive generating capability and not violating any electric constraints* [emphasis in original].

PSEG also cites to Section 4.2.6 of the Salem IA, asserting that it “expressly contemplates that the Generation Station Owners will be compensated for providing reactive power in accordance with these provisions,” when it states, “[a]ll payments, *if any*, received by the Switching Station Owner pursuant to the PJM Tariff for ancillary services provided from Salem Station by a Generating Station Owner shall be paid over to such Generating Station Owner by such Switching Station Owner” [emphasis added].

None of the provisions cited by PSEG provide a basis for compensation for reactive power or reactive capability. Section 4.2.2 obligates the Salem Station to provide reactive power (or absorption) at PJM’s direction. Section 4.2.2 does not address compensation for responding to PJM’s directives. Section 4.2.6 describes who receives payment if there are

payments. Neither Section 4.2.6 nor the Salem ISA requires compensation for the Salem Station or provides a rate schedule.

The Petition does not explain how the Salem IA is unique. PJM's pro forma interconnection agreements contain similar language.⁵ The language includes language referring to "[a]ny payments," indicating that the *pro forma* IA, like the Salem IA, does not itself create any entitlement to compensation for reacting capability. The "if any" qualifier indicates that no such special entitlement exists. The Commission upheld a determination that language in a PJM interconnection agreement similar to the Salem IA does not create an entitlement to compensation, pointing to and relying on specifically the "any payments" language.⁶

PSEG has not shown any material differences between the Salem IA and the *pro forma* ISAs in the Tariff. The *pro forma* ISA requires resources to have reactive capability as a condition to receive interconnection service and obligates resources to provide reactive power at PJM's direction. The agreements make no provision for compensation. Because PSEG has not substantiated that it has, under the Salem IA, an "independent contractual right to receive reactive power compensation," the Petition should be denied.

⁵ See OATT Attachment O § 4.7.1.4 ("*Any* payments to the Interconnection Customer for reactive power shall be in accordance with Schedule 2 of the Tariff. [emphasis added])."

⁶ See *Whitetail Solar 3, LLC, et al.*, Opinion No. 583, 184 FERC ¶ 61,145 at P 45 (2023) ("We affirm the Presiding Judge's determination that Schedule 2, not Applicants' ISAs, determines whether their generation facilities are eligible for reactive power compensation. Applicants contend that the Presiding Judge erred in dismissing the importance of the Facilities' ISAs instead of harmonizing them with the language of Schedule 2.[footnote omitted] Applicants assert that they have demonstrated that each ISA required Applicants to meet specific reactive power design requirements, the Commission accepted each ISA pursuant to section 205 of the FPA, and Applicants invested in Facility equipment to ensure they could satisfy this requirement. As the Presiding Judge notes, however, the ISAs state that '[a]ny payments to the Interconnection Customer for reactive power shall be in accordance with Schedule 2.'[footnote omitted] Applicants' ISAs do not establish an independent right outside the context of Schedule 2 to reactive power compensation for merely meeting the technical requirements required for interconnection.[footnote omitted]").

Order No. 904 implements a policy requiring consistent treatment of reactive capability in all wholesale electric markets, including the removal of compensation for reactive capability within the standard power range.

B. After June 1, 2026, Market Revenues Will Increase When the Reactive Offset is Eliminated.

The Petition relies on the premise that the Salem Station will not be able to recover investment in reactive capability under the PJM market rules after its rate schedule under Schedule 2 terminates.⁷ Order No. 904 (at PP 89–108, 141–154) fully addressed this issue.

As a matter of fact, the premise is false. As part PJM’s compliance with Order No. 904, the PJM market rules have been revised effective June 1, 2026, to account for the termination of rate schedules under Schedule 2 to the OATT by eliminating the reactive revenue offset from the capacity market demand curve and from offers for capacity.⁸

Through June 1, 2026, rate schedules established under Schedule 2 to the OATT have provided compensation to generation resources specifically for reactive capability. In order to prevent duplicative recovery, the market rules include a mechanism removing Schedule 2 revenues from capacity auction parameters and from sell offers using an offset.⁹

⁷ Petition at 10.

⁸ See 904 Compliance Order at P 3 (“As relevant here, on December 9, 2024, in anticipation of its Order No. 904 compliance filing, PJM submitted an FPA section 205 filing in Docket No. ER25-682-000, to remove the impact of reactive power revenues from the capacity market beginning with the Base Residual Auction (BRA) for the 2026-2027 Delivery Year. The tariff revisions removed reactive service revenues from the calculation of the Net Energy and Ancillary Services Revenue Offset (EAS Offset) used in calculations to determine the Net Cost of New Entry (Net CONE) of the Reference Resource for that BRA; and limited inclusion of reactive service revenues in calculating the EAS Offset revenue estimate component of default Minimum Offer Price Rule (MOPR) Floor Offer Prices.”).

⁹ Through June 1, 2026, the PJM market rules explicitly account for recovery of reactive revenues of \$2,199 per MW-year through inclusion of the EAS offset in the Net CONE parameter of the capacity market demand (VRR) curve. The Net CONE parameter directly affects clearing prices by affecting both the maximum capacity price and the location of the downward sloping part of the VRR curve.

Effective June 1, 2026, the offset will be removed from PJM market design.¹⁰ Effective June 1, 2026, all generation capacity resources, including the Salem Station, will have the opportunity to recover all investment in power production capability, including reactive power capability, from the PJM markets.

The Petition's assertions about market compensation are factually incorrect and were fully addressed in Order No. 904 and in PJM's compliance with Order 904.

The Petition should be denied.

C. PJM Will Continue to Compensate PSEG for Reactive Power Provided at Its Direction.

The Salem Station, like other PJM resources, will continue to receive compensation for providing reactive power at PJM's direction under Section 3.2.3 of Schedule 1 to the OA. PJM's dispatch authority does not depend on whether there exists a jurisdictional interconnection agreement.¹¹ Resources responding to PJM dispatch receive compensation under the PJM Market Rules based on opportunity costs. *See* OA Schedule 1 § 3.2.3B. Nothing will change on June 1, 2026, affecting the Salem Station payments for reactive power for operating at PJM's direction.

D. The Petition Is Procedurally Deficient.

In the Petition, PSEG seeks (at 1) "confirmation that the Salem Nuclear Generating Station (the 'Salem Station') has an 'independent contractual right,' ... to continue to receive compensation for reactive power that it supplies to [PJM] as a result of the unique terms and conditions of its interconnection agreement (the 'Salem IA')." ¹² PSEG asserts (*id.*) that

¹⁰ 904 Compliance Order at P 4.

¹¹ *See* OA Schedule 1 § 1.7.20(b).

¹² The March 31st Filing describes the Salem IA: "Interconnection Agreement By and Among Salem Station Owners and the Salem Switching Station Owners, Dated August 2000 for the Salem Generating Station. The current version of the Salem IA was filed with the Commission on November 1, 2002, and accepted for filing, effective December 6, 2000. *Public Service Electric & Gas*

the Salem IA “requires that Salem Station provide reactive power support in whatever amount PJM requires” and “requests that the Commission find that it is entitled to continue to recover its current reactive power revenue requirement on and after it would otherwise expire on June 1, 2026.”

PSEG is asking for relief that can only be provided via a petition for declaratory order.¹³ PSEG did not file its petition pursuant to Rule 207 (or Rule 206), and it has not met the requirements of Rule 207 for filing a petition for declaratory order.¹⁴

The Petition purports (at 1) to be filed under Section 205 of the Federal Power Act. The Petition implies that the Salem IA can somehow replace the cost based rate schedule filed under Schedule 2. The Salem IA does not include a rate schedule. The Petition does not include a rate schedule. The Petition does not meet the requirements of Part 35.¹⁵

Because the March 31st Filing is procedurally deficient, it should be rejected.

Co., Docket No. ER03-141-000, Letter Order dated December 12, 2002. In addition, and as discussed below, there an Interconnection Service Agreement filed with the Commission that applies only to certain uprates at Salem Station (the ‘Salem Uprate ISA’). Interconnection Service Agreement (PJM Queue #H17–Salem). *See also PJM Interconnection, L.L.C.*, Docket No. ER05-290-000, Letter Order dated Jan. 27, 2005 (accepting Salem Uprate ISA for filing).”

¹³ *See* 18 CFR § 385.207(a)(2) (“A person must file a petition when seeking: ... A declaratory order or rule to terminate a controversy or remove uncertainty”).

¹⁴ *See, e.g.*, 18 CFR § 385.207(c) (“each petition for issuance of a declaratory order must be accompanied by the fee”).

¹⁵ *See, e.g.*, 18 CFR § 35.1(c) (“A rate schedule, tariff, or service agreement applicable to a transmission or sale of electric energy which proposes to supersede, cancel or otherwise change any of the provisions of a rate schedule, tariff, or service agreement required to be on file with this Commission (such as providing for other or additional rates, charges, classifications or services, or rules, regulations, practices or contracts for a particular customer or customers) shall be filed as a change in rate in accordance with § 35.13, except cancellation or termination which shall be filed as a change in accordance with § 35.15.”).

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,



Joseph E. Bowring
Independent Market Monitor for PJM
President
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8051
joseph.bowring@monitoringanalytics.com

Jeffrey W. Mayes

General Counsel
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8053
jeffrey.mayes@monitoringanalytics.com

Dated: April 21, 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 21st day of April, 2026.



Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

2621 Van Buren Avenue, Suite 160

Eagleville, Pennsylvania 19403

(610)271-8053

jeffrey.mayes@monitoringanalytics.com