

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

Sierra Club, et al.,)	
)	
Complainants,)	Docket No. EL24-148-000
)	
v.)	
)	
PJM Interconnection, L.L.C.,)	
)	
Respondent.)	

**MOTION OF PJM INTERCONNECTION, L.L.C. TO DELAY THE
RELIABILITY PRICING MODEL AUCTIONS BEGINNING WITH THE
DECEMBER, 2024 BASE RESIDUAL AUCTION FOR DELIVERY YEAR
2026/2027 THROUGH THE 2029/2030 DELIVERY YEAR, REQUEST FOR
EXPEDITED ACTION AND ORDER BY NOVEMBER 8, 2024, AND REQUEST
FOR SHORTENED 7-DAY COMMENT PERIOD**

The Complaint that initiated this proceeding “request[ed] that the Commission delay the upcoming 2026/2027 Base Residual Auction for a limited time as needed for the revised tariff to be approved and implemented,”¹ and the Federal Energy Regulatory Commission (“Commission”) specifically requested in its notice of the Complaint to address the Complaint’s request to delay the 2026/2027 Base Residual Auction.² In response to the Commission’s notice, PJM supports the requested auction delay and hereby moves, pursuant to Rule 212 of the Commission’s Rules of Practice and Procedure,³ for an interim order in this docket granting the Complainants’ request to delay the 2026/2027 Base

¹ *Sierra Club, et al., v. PJM*, Complaint, Docket No. EL24-148-000, at 53 (Sept. 27, 2024) (“Complaint”).

² See *Sierra Club, et al., v. PJM*, Notice Rescinding Prior Notice, Docket No. EL24-148-000 (Oct. 2, 2024) (“Respondent’s answer and all interventions or protests must be filed on or before 5:00 pm Eastern Time on October 17, 2024, and should address the complaint regarding the treatment of Reliability Must Run units as well as the request to delay the upcoming 2026/2027 Base Residual Auction.”).

³ 18 C.F.R. § 385.212.

Residual Auction.⁴ In doing so, the Commission should also recognize the cascading effect on subsequent Reliability Pricing Model (“RPM”) Auctions through the 2029/2030 Delivery Year and approve a rescheduling of those RPM Auctions, as set forth in this motion. This motion seeks the same relief as the waiver request PJM Interconnection, L.L.C. (“PJM”) submitted on October 15, 2025 asking the Commission to waive the Tariff provision that specifies the auction dates in Tariff, Attachment DD, section 5.4, and delay the upcoming Base Residual Auction and subsequent auctions through the 2029/2030 Delivery Year, by six months.⁵

As PJM will more fully explain in its forthcoming answer, the Commission should deny the September 27, 2024 Complaint of Sierra Club, the Natural Resources Defense Council, Public Citizen, Sustainable FERC Project, and the Union of Concerned Scientists (collectively “Complainants”) because there are various and complex issues that must be considered before individual resources that are retained under a reliability-must-run (“RMR”) agreement should be accounted for in the capacity market. In the meantime however, given the significant market uncertainty that has been injected as a result of the Complaint being filed only two months before the currently scheduled December Base Residual Auction, and the request for establishment of a refund effective date applicable to the upcoming auction, PJM requests a limited and time-bound delay of the 2026/2027 Base Residual Auction so that it can be conducted with the confidence of market

⁴ While PJM supports a delay of the upcoming auction and requests expedited action on an interim order to allow for the delay by November 8, 2024, PJM disagrees with the merits of the Complaint and asks that the Commission consider the forthcoming substantive answers and a separate 205 filing contemplated by PJM on these and other capacity issues before issuing an order on the merits of this Complaint.

⁵ PJM believes the Commission has the authority to grant the requested interim relief to delay the relevant auctions in this Complaint docket without first making a finding on the merits of the Complaint. However, PJM also submitted the separate waiver filing to delay the upcoming auctions through the 2029/2030 Delivery Year to provide an alternative procedural vehicle for the Commission to grant the requested delay.

participants and other stakeholders. This requested auction delay will also provide time for the Commission to consider a forthcoming filing, to be submitted pursuant to section 205 of the Federal Power Act, that addresses the issues raised in the underlying complaint and certain attendant issues related to PJM's capacity market in advance of the 2026/2027 Base Residual Auction.

I. REQUEST TO ALLOW PJM TO DELAY THE RELIABILITY PRICING MODEL AUCTIONS BY APPROXIMATELY SIX MONTHS

While PJM maintains that its existing rules regarding the participation of RMR resources in the capacity market are just and reasonable, the Complaint casts a cloud of uncertainty on the upcoming 2026/2027 Base Residual Auction, particularly given that the Complainants request the results of the 2026/2027 auction be subject to refund and post-auction relief.⁶ The issues raised in the Complaint are complicated and require a fact intensive inquiry into the terms and conditions under which specific RMR resources have been retained to determine whether such resources can reasonably be relied on to perform comparably during capacity emergency conditions as those Capacity Resources that are committed through the capacity auctions. Given the complex issues of law and fact raised in the Complaint, it is prudent to delay the upcoming Base Residual Auction, as requested by the Complainants, by approximately six months to provide time for thoughtful consideration of the underlying Complaint.

Additionally, given the inter-relationship of issues and the need for the capacity auction to continue producing just and reasonable results for the entire PJM Region, other capacity market rules may need to be redesigned beyond the singular nature of the

⁶ Complaint at PP 1 and 53; see *Sierra Club, et al., v. PJM*, Notice of Complaint, Docket No. EL24-148-000 (Sep. 30, 2024).

Complaint, which focuses solely on RMR agreements. Specifically, modifications to other aspects of the capacity market design, including certain issues raised in recent letters sent to the PJM Board of Managers by the Organization of PJM States, Inc. and the PJM Power Providers Group may be appropriate to continue producing just and reasonable rates for the entire PJM Region.⁷

To address the issues raised in the Complaint, along with a limited subset of attendant issues recently raised to the PJM Board of Managers, PJM anticipates submitting a separate 205 filing in the coming weeks to propose market rule revisions tailored to address concerns with the existing rules for RMR arrangements and other limited aspects of the RPM market design, with such revisions to be effective for the 2026/2027 Base Residual Auction. To that end, PJM anticipates consulting with the stakeholders on the components of the forthcoming section 205 filing, pursuant to Tariff, section 9.2(b) and CTOA, section 7.5.1(ii), at the regularly scheduled October 30, 2024 Members Committee and a separate Transmission Owners Agreement-Administrative Committee on October 29, 2024. Thereafter, PJM will consider and incorporate any feedback from the stakeholders, as appropriate, prior to submitting any section 205 filing for the Commission's consideration. If accepted, PJM anticipates that such a 205 filing may allow the Commission to dispose of the underlying complaint as moot.

⁷ OPSI, Letter to PJM Board of Managers, at 3-4 (Sept. 27, 2024) (requesting that PJM address market rules related to RMR arrangements, Must-Offer requirements, maximum capacity prices, and Effective Load Carrying Capacity ("ELCC") accreditation prior to the next auction), <https://www.pjm.com/-/media/about-pjm/who-we-are/public-disclosures/2024/20240927-opsi-letter-re-results-of-the-2025-2026-bra.ashx>; P3, Letter to PJM Board of Managers, at 2-4 (Oct. 2, 2024) (requesting PJM prioritize not delaying the auction but otherwise agreeing with OPSI that many issues could serve as a basis for reforms in relatively short order, including ELCC, Reference Resource, the steep slope of the Variable Resource Requirement Curve, RMR arrangements, and Must-Offer requirements), <https://www.pjm.com/-/media/about-pjm/who-we-are/public-disclosures/2024/20241002-p3-letter-re-opsi-letter-addressing-results-of-25-26-bra.ashx>.

A. PJM Requests a Six Month Delay of Base Residual Auctions through the 2029/2030 Delivery Year.

To provide time for the Commission to fully consider the merits of the Complaint, as well as PJM's forthcoming 205 filing, PJM requests that the Commission forestall a ruling or even providing guidance on the merits of the Complaint, and instead grant this motion to delay the upcoming Base Residual Auction by approximately six months to June 2025. The six additional months to delay the auction would also be necessary for PJM and Market Participants to conduct any relevant pre-auction activities following any market rule change that may be accepted by the Commission.⁸ To be clear, delaying the 2026/2027 Base Residual Auction (presently scheduled for December, 2024) by six months would inevitably have a cascading effect for other auctions through the 2029/2030 Delivery Year, as shown in the table below. Market Participants have been clear that they need an adequate period between auctions to react to the prices coming out of one auction as they consider new build and retirement decisions in the subsequent Base Residual Auction. PJM concurs that such a time period is prudent to allow such an analysis to occur.

B. PJM Requests Additional Cancellations of Incremental Auctions through the 2029/2030 Delivery Year.

Delaying the Base Residual Auction will also require canceling a few Incremental Auctions to accommodate the delayed auction schedule. Because a primary purpose of Incremental Auctions is to align capacity commitments with expected load demands, PJM proposes to continue its current practice of: (1) maintaining all Third Incremental Auctions for each Delivery Year; and (2) cancelling Incremental Auctions that fall within 10 months

⁸ To the extent the Commission deems necessary, the Commission could issue an order directing PJM to submit a compliance filing to update the current auction dates specified in Tariff, Attachment DD, section 5.4(a) through a subsequent compliance filing.

of the associated Base Residual Auction.⁹ In short, “PJM reasonably proposes to eliminate certain additional incremental auctions, using the same guiding principles previously accepted by the Commission.”¹⁰

Applying these guiding principles, PJM would maintain all Third Incremental Auctions for each Delivery Year, and hold those auctions in the February prior to the Delivery Year.¹¹ The specific First and Second Incremental Auctions that will be canceled depend on the timing of the Commission’s order on PJM’s forthcoming resource adequacy reforms. It is reasonable to cancel those Incremental Auctions that are within 10 months of a Base Residual Auction in these limited Delivery Years because there would be little, if any, need for such auctions under a delayed Base Residual Auction schedule, as very little time would pass between the Base Residual Auction and Incremental Auctions. Moreover, Market Participants will always have the opportunity to buy back and offer additional capacity in the Third Incremental Auction before the start of the Delivery Year under this proposal. This is the same approach that PJM previously proposed and the Commission accepted for prior RPM Auction delays.

Under the schedule in Table 1, PJM would maintain the Second Incremental Auctions for the 2028/2029 and 2029/2030 Delivery Years, as the Base Residual Auctions for those Delivery Years would be held more than ten months before the “July that is ten months prior to the start of the Delivery Year.”¹² However, the First Incremental Auction

⁹ See Tariff, Attachment DD, section 5.4(b) (detailing the requirements for when First, Second, and Third Incremental Auctions must be held).

¹⁰ *PJM Interconnection, L.L.C.*, 178 FERC ¶ 61,122, at P 15 (2022) (citing *Calpine*, 173 FERC ¶ 61,061, at P 358 (2020)).

¹¹ See Tariff, Attachment DD, section 5.4(b).

¹² Tariff, Attachment DD, section 5.4(b).

for all four Delivery Years with delayed Base Residual Auctions would be cancelled, because such Incremental Auctions would be held “within 10 months of the associated Base Residual Auction.”¹³ The logic of this accepted principle is that insufficient time has passed since the Base Residual Auction for the Incremental Auction to have meaning—*e.g.*, there should be time for load forecasts to be re-visited based on updated data.

This deliberate and timely schedule: (1) allows a reasonable initial period for Market Participants to assess the results of the prior Base Residual Auction; (2) allows sufficient time (albeit slightly compressed from the standard schedule) to conduct pre-auction activities; and (3) puts the PJM Region on track to return to the designed three-year forward RPM Auction schedule in the least time consistent with an orderly process. Moreover, PJM and stakeholders have found that this timeframe allows for a compressed pre-auction timeline while also providing a reasonable amount of time for Market Participants to assess the Base Residual Auction results before preparing for subsequent Base Residual Auctions.

Table 1: Revised RPM Auction Schedule

Delivery Year	Auction	Current Auction Schedule	Proposed Auction Schedule
2026/27	Base Residual Auction	Dec 2024	Jun 2025
2026/27	Third Incremental Auction	Feb 2026	Feb 2026
2027/28	Base Residual Auction	Jun 2025	Dec 2025
2027/28	Second Incremental Auction	Jul 2026	cancelled
2027/28	Third Incremental Auction	Feb 2027	Feb 2027
2028/29	Base Residual Auction	Dec 2025	May 2026
2028/29	Second Incremental Auction	Jul 2027	Jul 2027
2028/29	Third Incremental Auction	Feb 2028	Feb 2028
2029/30	Base Residual Auction	May 2026	Dec 2026

¹³ The Tariff calls for First Incremental Auction to be “conducted in the month of September that is twenty months prior to the start of the Delivery Year.” *Id.*

2029/30	First Incremental Auction	Sep 2027	cancelled
2029/30	Second Incremental Auction	Jul 2028	Jul 2028
2029/30	Third Incremental Auction	Feb 2029	Feb 2029
2030/31	BRA (back to normal schedule)	May 2027	May 2027

This schedule assumes Commission action, with no deficiency notice or material compliance filings on PJM’s forthcoming section 205 filing by mid-January 2025 and could shift if the Commission deems that additional filings are required in reviewing PJM’s forthcoming 205 filing.¹⁴ The requested delay in the auction dates will also change the relevant pre-auction activity deadlines associated with each auction in accordance with the Commission’s order that granted PJM’s last waiver filing related to the pre-auction deadlines.¹⁵ If the Commission grants the delay, pre-auction activities should be reset and Market Participants would need to resubmit all relevant pre-auction requests (*e.g.*, unit-specific offer caps, must offer exceptions, notices of intent to offer) and elections (*e.g.*, Fixed Resource Requirement elections/terminations) to provide the most up-to-date information.

II. IMPACT OF THE REQUESTED DELAYS

PJM does not propose this delay lightly and is mindful of the need to balance the benefits of returning to a three-year forward auction schedule with the need for the capacity

¹⁴ PJM will post a preliminary schedule of the specific auction date and associated pre-auction timelines for the 2026/2027 Base Residual Auction within one week of a Commission order delaying this auction. Thereafter, PJM will post a final schedule of the specific auction date and associated pre-auction timelines for the 2026/2027 Base Residual Auction within one week of a Commission order accepting PJM’s forthcoming 205 filing, and at least eight months before the commencement of the relevant RPM Auction for the 2027/2028 through 2029/2030 Delivery Years.

¹⁵ *PJM Interconnection, L.L.C.*, 183 FERC ¶ 61,172 at P 40 (2023); *see also PJM Interconnection, L.L.C.*, PJM Section 205 Filing to Delay Upcoming RPM Auctions, Request for Waiver to Amend Pre-Auction Activity Deadlines for Impacted Delivery Years, and Request for Expedited Action, Docket No. ER23-1609-000, at Attachment A (Apr. 11, 2023). Given that the prior waiver order only addressed pre-auction deadlines through the 2028/2029 Delivery Year, PJM seeks a waiver of the pre-auction activity deadlines to include the 2029/2030 Delivery Year, as shown in Attachment A of this motion.

market to continue producing just and reasonable rates that include accounting for recent environmental policies and other developments that may potentially affect the choice of the Reference Resource, along with a more targeted approach to the issues surrounding RMR resource participation in future capacity auctions than that proposed by the Complainants. Given the close proximity of the auction to the issues raised by Complainants and the impact of their requested refund effective date, PJM has struck the appropriate balance by seeking this targeted delay. Thus, the Commission should find PJM's approach to be reasonable under these unique circumstances.

III. REQUEST FOR EXPEDITED ACTION, WITH AN ORDER BY NOVEMBER 8, 2024, AND FOR A SHORTENED 7-DAY COMMENT PERIOD

To provide as much advanced notice to Market Participants as possible, PJM requests that the Commission expedite an order on this motion so that PJM and its stakeholders know whether to continue with the ongoing pre-auction activities associated with the upcoming 2026/2027 Base Residual Auction, which is currently scheduled to commence on December 4, 2024. Such expedited action by **November 8, 2024**, will help PJM and stakeholders focus on the forthcoming 205 filing rather than continuing to prepare for the 2024/2025 Base Residual Auction. To that end, PJM requests that the Commission establish a shortened comment period of seven days to allow for the requested expedited action.

IV. CONCLUSION

PJM does not request auction delay lightly, as the schedule for these auctions have already been compressed several times due to various reform efforts. However, PJM believes this delay is necessary given the significant market uncertainty that now clouds the 2026/2027 Base Residual Auction as a result of the Complaint. Any potential detriment

caused by further delay would be far outweighed by the potential harm of conducting that auction under the cloud of uncertainty raised by the Complaint. Based on the foregoing, PJM requests that the Commission grant PJM's request to delay the upcoming auctions through the 2029/2030 Delivery Year.

Respectfully submitted,

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October 15, 2024

Attachment A

RPM Pre-Auction Deadlines

For the 2026/2027 through 2029/2030 Delivery Years

“Adjusted Days Prior” refer to PJM’s requested modified deadline for the corresponding activity prior to the relevant BRA.

“Deadline” refers to the current Tariff imposed deadlines for the corresponding activity.

Actor	Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Adjusted Days Prior</u>¹
Seller	Capacity Market Seller to provide binding offer notification (also known as "notice of intent") for Planned Generation Capacity Resources	The immediately preceding December 1 for a Base Residual Auction, except that for the 2026/2027 and 2028/2029 Delivery Years, such notice shall be submitted by 180 days prior to the commencement of the offer period. (Tariff, Attachment DD, section 5.5)	180 for Base Residual Auctions conducted in December, while the deadline associated with all other Base Residual Auctions will be December 1 of the prior year that the auction is held.

¹ PJM proposes to maintain its existing discretion to set the actual deadline within 10 business days from the timelines provided herein. *See PJM Interconnection, L.L.C.*, 178 FERC ¶ 61,122, at P 15 (2022) (“We also find reasonable PJM’s proposal to retain limited discretion of up to 10 business days to set the specific deadlines associated with any pre-auction activities. We agree with PJM that it would be cumbersome and administratively inefficient to seek further amendments to the auction timelines for minor adjustments to the deadlines.”).

Actor	Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Adjusted Days Prior</u>¹
Seller	MOPR Certification	150 days prior to BRA beginning with 2024/2025 BRA (Tariff, Attachment DD section 5.14)	150
PJM	PJM solicits requests for Winter CIRs	Aug. 31 of each calendar year (Tariff, Attachment IV Preamble)	145
Seller	Seller Final Must-Offer exception request (Deactivation)	Dec. 1 prior to BRA (Tariff, Attachment DD section 6.6)	135
PJM	PJM posts DR Zones of Concern	Dec. 1 prior to BRA (Tariff, Attachment DD-1)	135
Seller	Seller Preliminary Must-Offer exception request (Deactivation)	Sept. 1 prior to BRA (Tariff, Attachment DD, section 6.6)	waived
Seller	Seller request for Winter CIRs	Oct. 31 prior to BRA (Tariff, IV Preamble)	135
PJM/ Market Monitor	PJM Posts Preliminary MOPR Screen Prices and Market Monitor Posts Preliminary Unit-Specific E&AS Offset	150 and 90 days, respectively, prior to auction (Tariff, Attachments DD section 5.14 and M-Appendix, section I.)	150
Market Monitor	Market Monitor Posts Final Unit-Specific E&AS Offset	90 days prior to auction (Tariff, Attachment M-Appendix, section I.)	135
FRR Entity	FRR first-time election	4 months prior to BRA (RAA, Schedule 8.1.C)	121
Seller	Seller unit-specific MOPR request	120 days prior to BRA (Tariff, Attachment DD section 5.14)	120
Seller	Seller unit-specific request (Must-Offer, Offer Cap, EFORd, Removal of Capacity Resource status)	120 days prior to auction (Tariff, Attachment DD, section 6.6)	120
Seller	Submission of Price Responsive Demand Plans	Jan. 15 prior to BRA (RAA, Schedule 6.1)	117

Actor	Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Adjusted Days Prior</u>¹
PJM	PJM posts Planning Parameters	Feb. 1 prior to BRA (M18; Tariff, Attachment DD, section 15)	100
Market Monitor	Market Monitor Determination (MOPR)	90 days prior to auction (Tariff, Attachment M – Appendix)	90
Market Monitor	Market Monitor Determination (Must-Offer, Offer Cap, EFORD)	90 days prior to auction (Tariff, Attachment M – Appendix)	90
Seller	Seller Notification to PJM (Must-Offer, Offer Cap, EFORD)	80 days prior to auction (Tariff, Attachment DD, sections 5.14 & 6.6)	80
PJM	PJM Determination (MOPR)	65 days prior to auction (Tariff, Attachment DD section 5.14)	65
PJM	PJM Determination (Must-Offer, Offer Cap, EFORD)	65 days prior to auction (Tariff, Attachment DD sections 5.14 & 6.6)	65
Seller	Seller Notification of intent to exclude Must-Offer Exception MW	65 days prior to auction (Tariff, Attachment DD section 6.6)	65
FRR Entity	FRR termination of election	2 months prior to BRA (RAA, Schedule 8.1.C)	61
Seller	Seller Confirmation of MOPR price	60 days prior to auction (Tariff, Attachment DD section 5.14)	60
FRR Entity	FRR DR Plan	15 business days prior to FRR Plan (Tariff, Attachment DD-1)	49
Seller	Seller needs ICTR/QTU certification of CETL increase	45 days prior to BRA (Tariff, Attachment DD section 5.6.4)	45
FRR Entity	FRR Capacity Plan	1 month prior to BRA (RAA, Schedule 8.1.C)	30
Seller	Submission of Energy Efficiency Plan	30 days prior to auction (Tariff, Attachment DD-1)	30

Actor	Pre-Auction Task or Activity	Deadline, with Tariff Source	<u>Adjusted Days</u> <u>Prior¹</u>
Seller	Submission of Demand Resource Plan	30 business days prior to auction (Tariff, Attachment DD-1)	30

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 Audubon, PA this 15th day of October 2024.

/s/ *Chenchao Lu*

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