

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

Governor Josh Shapiro and	)	
The Commonwealth of Pennsylvania	)	
	)	
v.	)	Docket No. EL25-46-000
	)	
PJM Interconnection, L.L.C.,	)	
	)	
	)	
PJM Interconnection, L.L.C.,	)	Docket No. ER25-682-000
	)	
PJM Interconnection, L.L.C.,	)	Docket No. ER25-785-000
	)	
		(not consolidated)

**ANSWER OF THE  
ORGANIZATION OF PJM STATES, INC.**

On January 6, 2025, Governor Josh Shapiro and the Commonwealth of Pennsylvania (“The Commonwealth”) filed a Motion to Consolidate proceedings in the three dockets captioned above.<sup>1</sup> Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure OPSI submits this answer supporting the Commonwealth’s Motion.<sup>2</sup> OPSI<sup>3</sup> also submits an answer opposing the Motion of the PJM Power Providers Group (“P3”) in asking to extend the time for comments in EL25-46-000 to February 21, 2025.<sup>4</sup>

**I. BACKGROUND**

---

<sup>1</sup> Governor Josh Shapiro and the Commonwealth of Pennsylvania, Motion to Consolidate and Request for Expedited Action of Governor Josh Shapiro and The Commonwealth of Pennsylvania, Docket No. EL25-46 (Jan. 6, 2025) (“Commonwealth Motion”).

<sup>2</sup> 18 C.F.R. § 385 213.

<sup>3</sup> OPSI’s following members support these Comments: the Delaware Public Service Commission, Public Service Commission of the District of Columbia, Illinois Commerce Commission, Kentucky Public Service Commission, Michigan Public Service Commission, New Jersey Board of Public Utilities, Pennsylvania Public Utility Commission, Tennessee Public Utility Commission, and the Public Service Commission of West Virginia. The Indiana Utility Regulatory Commission, North Carolina Utilities Commission, Public Utilities Commission of Ohio and the Virginia State Corporation Commission abstained.

<sup>4</sup> PJM Power Providers Group, Motion for Extension of Time of The PJM Power Providers Group and The Electric Power Supply Organization, Docket No. EL25-46-000 (Jan. 10, 2025).

On September 27, 2024, OPSI wrote a letter to the PJM Board noting the dramatic increase in capacity prices from the 2024/2025 Base Residual Auction (“BRA”) to the 2025/2026 BRA, which saw the total cost of procuring capacity to serve load for the PJM region rise from \$2.2 billion to \$14.7 billion and expressing concern that these prices may have been driven, in part, by artificial scarcity created by flaws in PJM’s capacity construct.<sup>5</sup>

Relevant to this Motion, in its September letter, OPSI wrote that it had become concerned with PJM’s use of a Combined-Cycle Natural Gas unit as the reference unit in PJM’s capacity construct because it could send a price signal “that only acts as a transfer of wealth from load to generators.”<sup>6</sup> Subsequently, PJM presented a proposal to make a filing to modify the reference technology used in its capacity construct that served as the basis for its filing in ER25-682-000.<sup>7</sup> However, PJM did not propose to modify the formula to set the maximum price on its Variable Resource Requirement (“VRR”) Curve. In response, OPSI wrote:

OPSI appreciates PJM’s proposal to revert to the use of a combustion turbine as the Reference Resource for the 2026/2027 and 2027/2028 Delivery Years. However, PJM has not correspondingly proposed to modify the formula it uses to set the maximum price in its capacity construct... OPSI is concerned that the continued use of 100% Gross CONE is excessive to fulfill the capacity market’s limited role of providing the “missing money” that capacity needs to stay online over and above what it earns in other PJM markets.<sup>8</sup>

To be clear, OPSI is very appreciative of PJM’s responsiveness to its recommendations in its September and November letters; however, neither PJM nor the PJM Board of Managers has

---

<sup>5</sup> OPSI, Letter to the PJM Board of Managers at p. 1 (Sept. 27, 2024).

<sup>6</sup> *Id.* at 4 (“OPSI has become concerned that basing the VRR curve price cap on the gross Cost of New Entry (“CONE”) of a CCNG unit may be problematic due to the substantial energy and ancillary service (“E&AS”) revenues that a CCNG unit would receive. With a higher E&AS offset, CCNG would not be as dependent on capacity revenues as a combustion turbine and could send a price signal that only acts as a transfer of wealth from load to generators. Furthermore, recognizing that the nonperformance penalty is tied to Net CONE and Net CONE is set at \$0 in most of the RTO for the next auction, PJM will effectively be permitting many cleared resources to fail to operate when called upon for dispatch with no prospect of punitive consequences.”).

<sup>7</sup> PJM, Consultation with Members Regarding Future 205 Filing on Capacity Market (Nov. 7, 2024). PJM Interconnection, L.L.C., Revisions to Reliability Pricing Model, Docket No. ER25-682-000 (Dec. 9, 2024).

<sup>8</sup> OPSI, Letter to the PJM Board of Managers at p. 1-2 (Nov. 21, 2024) available at: <https://opsi.us/wp-content/uploads/2024/11/OPSI-RPM-Proposal-Letter-2024.11.21.pdf>. (“November Letter”).

responded to OPSI’s recommendation to change the formula to set the maximum price on the VRR curve to something other than the greater of 1.75 x Net Cost of New Entry (“CONE”) or 100% of Gross CONE. Only the Commonwealth’s complaint addresses this issue.<sup>9</sup> In its November letter OPSI wrote that “[t]he PJM Board should direct PJM to modify the method for setting the maximum price in its capacity construct in a way that reflects the current slow pace of interconnection and its limited role in incentivizing the maintenance of system reliability.”<sup>10</sup>

## II. ANSWER

The Commonwealth argues that consolidation of the issues in PJM’s two section 205 filings and the Commonwealth’s complaint would allow for “a comprehensive review of the closely related capacity market issues raised in these matters in a time and resource-effective manner”<sup>11</sup> and that all three of the above-captioned proceedings share a common premise.<sup>12</sup> The Commonwealth argues in this motion and in its complaint that the remedy it seeks is a “discrete issue that can be efficiently resolved along with PJM’s Section 205 filings without any delay to the resolution of those proceedings.”<sup>13</sup> OPSI agrees, and thus OPSI opposes the PJM Power Producers’ motion to extend the time for comments in this docket. In ER25-682-000, PJM has requested a Commission Order by February 18, 2025.<sup>14</sup> In ER25-785-000, PJM has requested a Commission Order by February 21, 2025, which OPSI understands to be the latest PJM could incorporate FERC-directed changes in its pre-auction activities for the 2026/2027 BRA.<sup>15</sup>

---

<sup>9</sup> Governor Josh Shapiro and the Commonwealth of Pennsylvania, Complaint of Governor Josh Shapiro and The Commonwealth of Pennsylvania, Docket No. EL25-46 (Dec. 30, 2024).

<sup>10</sup> November Letter at 2.

<sup>11</sup> Commonwealth Motion at 7.

<sup>12</sup> *Id.* at 2 (“Three unexpected developments - (1) significant load growth; (2) the nation’s most delayed interconnection queue; and (3) a forward auction functioning as a de facto prompt auction—that have occurred since 2022 undermine key assumptions on which PJM’s Reliability Pricing Model (“RPM”) was based and necessitate changes to the model.”).

<sup>13</sup> *Id.*

<sup>14</sup> PJM Interconnection, L.L.C., Revisions to Reliability Pricing Model, Docket No. ER25-682-000 at 4 (Dec. 9, 2024).

<sup>15</sup> PJM Interconnection L.L.C, Extending the Capacity Must-Offer Requirement to All Generation Capacity Resources, Docket No. ER25-785 at 3 (Dec. 20, 2024).

Extending the Comment deadline to February 21, 2025 in the Commonwealth’s Complaint docket would make it very difficult for PJM to incorporate Commission-directed revisions into RPM for the 2026/2027 BRA. Indeed, PJM has stated that if it receives a deficiency notice in ER25-785-000 that PJM will amend the effective date requested instead of requesting to delay the auction.<sup>16</sup>

The Commission wrote in its Order accepting the current formula that, “The Commission previously accepted PJM’s proposed adjustments to the VRR Curve shape in 2018 by finding that PJM’s proposed VRR Curve ‘meets PJM’s reliability needs at a reasonable total cost to load’ and ‘will produce accurate market signals that will encourage capacity investment,’ and we make the same finding here.”<sup>17</sup> It is imperative that the Commission reconsider whether these findings remain true, recognizing the limited ability resources have to respond to price signals PJM could send in the next two auctions. Therefore, OPSI supports the Commonwealth’s Motion to Consolidate these proceedings, which will allow the Commission to comprehensively review the interrelated pleadings captioned above.

### **III. CONCLUSION**

For the reasons above, OPSI supports the Commonwealth’s Motion to Consolidate the above captioned proceedings and opposes P3’s motion to extend the time for comments in EL25-46-000.

Respectfully Submitted,

**Gregory V. Carmean**  
Executive Director  
Organization of PJM States, Inc.  
700 Barksdale Road, Suite 1  
Newark, DE 19711  
302-266-0914  
greg@opsi.us

**Benjamin B. Sloan**  
Director of Legal and Regulatory Affairs  
Organization of PJM States, Inc.  
700 Barksdale Road, Suite 1  
Newark, DE 19711  
601-214-8481  
ben@opsi.us

---

<sup>16</sup> *Id.*

<sup>17</sup> PJM Interconnection L.L.C., 182 FERC ¶ 61,073 at P 157.

Dated: January 14, 2025

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing has been served in accordance with 18 C.F.R. Section 385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Gregory V. Carmean  
Gregory V. Carmean  
Executive Director  
Organization of PJM States, Inc.  
700 Barksdale Road, Suite 1  
Newark, DE 19711  
Tel: 302-266-0914

Dated at Newark, Delaware this January 14, 2025.