UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

LS Power Development, LLC **v.** **PJM Interconnection, L.L.C.**	)))))	**Docket No. EL26-60-000**
Richland-Stryker Generation HoldCo LLC **v.** **PJM Interconnection, L.L.C.**	))))))))	**Docket No. EL26-59-000** **(Not consolidated)**

COMMENTS
OF THE PJM POWER PROVIDERS GROUP
AND THE ELECTRIC POWER SUPPLY ASSOCIATION
IN SUPPORT OF THE COMPLAINTS OF LS POWER DEVELOPMENT, LLC
AND RICHLAND-STRYKER GENERATION HOLDCO LLC

Pursuant to the April 7, 2026 Combined Notice of Filings #1 issued by the Federal Energy Regulatory Commission (the "Commission" or "FERC") in the above-captioned proceedings, the PJM Power Providers Group[1] ("P3") and the Electric Power Supply Association ("EPSA")[2] submit these comments[3] in support of the LS Power Development LLC ("LS

[1]P3 is a non-profit organization dedicated to advancing federal, state and regional policies that promote properly designed and well-functioning electricity markets in the PJM Interconnection, L.L.C. ("PJM") region. Combined, P3 members own over 108,000 MWs of generation assets and produce enough power to supply over 63 million homes in the PJM region covering 13 states and the District of Columbia. For more information on P3, visit www.p3powergroup.com.

[2] EPSA is the national trade association representing competitive power suppliers in the U.S. EPSA members provide reliable and competitively priced electricity from environmentally responsible facilities using a diverse mix of fuels and technologies. EPSA seeks to bring the benefits of competition to all power customers.

[3]The comments contained herein represent the position of P3 as an organization, but not necessarily the views of any particular member with respect to any issue. On April 16, 2026, P3 filed a doc-less Motion to Intervene in each proceeding. This pleading represents the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue. On April 13, 2026, EPSA filed a doc-less Motion to Intervene in each proceeding.

Power") Complaint against PJM Interconnection, L.L.C. and the Richland-Stryker Generation HoldCo LLC ("Richland-Stryker") Complaint against PJM Interconnection, L.L.C. ("PJM"), both filed on April 7, 2026 ("Complaints").[4]

I. COMMENTS

P3 and EPSA respectfully submit these Comments in support of the Complaints filed by LS Power and Richland-Stryker. These proceedings present a straightforward but consequential question: whether PJM may alter the economic consequences of its capacity market rules after the relevant auction has cleared, and then enforce that new manual interpretation through substantial penalties. The answer, under the Federal Power Act and settled Commission precedent, is no.

At its core, this dispute concerns the integrity of PJM's capacity market construct. Market participants, like LS Power and Richland-Stryker, submitted offers into, and cleared, the 2025/2026 Base Residual Auction ("BRA") based on a settled and well-understood framework that included the availability of an out-of-period test remedy for seasonal capability testing shortfalls.[5] As described in the Complaints, that framework was reflected in PJM's manuals and consistently applied in practice. PJM's subsequent effort to reinterpret those rules to eliminate that remedy—without clear notice, without tariff revisions, and after the auction has run—constitutes impermissible retroactive rulemaking that the Commission should reject.

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[4] *LS Power Development LLC v. PJM Interconnection, L.L.C.,* Docket No. EL26-60-000 (filed April 7, 2026); and *Richland-Stryker Generation HoldCo LLC v. PJM Interconnection, L.L.C.,* Docket No. EL26-59-000 (filed April 7, 2026) ("Complaints").

[5] LS Power Complaint at 7-12; Richland-Stryker Complaint at 7-12.

The Commission and the courts have long held that market rules governing rates and obligations must be established in advance and applied prospectively.[6] That principle is not a technicality; it is the foundation upon which organized markets operate. Capacity market sellers must be able to evaluate risks and incorporate those risks into their offers. Here, however, PJM seeks to impose a materially different risk profile after the fact. At the time that LS Power and Richland-Stryker – as well as similarly situated suppliers – submitted offers, there was no indication that a seasonal testing shortfall could not be cured within the same season through an out-of-period test.[7] To the contrary, the governing manual language expressly provides that such a test "may remedy a test shortfall," and nothing in the 2023–2024 capacity market proceedings clearly indicated that this longstanding practice would be eliminated.[8]

PJM's attempt to recast its revisions as merely a change in penalty calculation methodology cannot withstand scrutiny. As the Complaints demonstrate, PJM characterized its tariff revisions as consistent with existing rules, modifying only the manner in which charges would be calculated rather than the underlying availability of remedies. The distinction is critical. A change in calculation methodology may alter the magnitude of charges, but it does not, absent clear notice, eliminate a substantive right that market participants relied upon in structuring their offers. PJM's current position effectively transforms seasonal capability testing into a daily, non-curable penalty regime, a result that was neither presented to stakeholders nor approved by the Commission or reflects sound market policy.

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[6] See *PJM Power Providers Group v. FERC*, 96 F.4th 390 (3d Cir. 2024); The filed rate doctrine "bind[s] regulated entities to charge only the rates filed with FERC and to change their rates only prospectively." Okla. Gas & Elec. Co. v. FERC, 11 F.4th 821, 829 (D.C. Cir. 2021); see Ark. La. Gas Co. v. Hall, 453 U.S. 571, 577–78 (1981). The doctrine is unbending regardless of where the equities lies.

[7] See, https://www.pjm.com/-/media/DotCom/planning/res-adeq/pjm-capacity-verification-testing-frequently-asked-questions.ashx.

[8] Manual 21B, § 10.3(7).

Allowing PJM to impose such a change retroactively would undermine the fundamental premise of the capacity market as a forward-looking mechanism. The auction process depends on transparent and stable rules so that participants can rationally assess their obligations and risks. When those rules are altered after the auction clears, the resulting prices no longer reflect the actual risk environment, and the market ceases to function as intended. As LS Power and Richland-Stryker explain, sellers must know the applicable rules at the time of the auction so that they can price those risks into their offers. PJM's actions deny market participants that opportunity and thereby distort the competitive outcomes of the auction.

Equally troubling is PJM's reliance on evolving interpretations of its manuals to justify this shift. The Commission has repeatedly made clear that practices that significantly affect rates and service must be included in the filed tariff.[9] Here, the consequences of PJM's interpretation are indisputably significant: the imposition on LS Power of approximately $17 million and on Richland-Stryker of $834,000 in penalties, respectively, based on a reinterpretation of seasonal testing rules. Such a change is not a minor implementation detail; it is a core component of the market design that directly affects the allocation of risk and the level of compensation required by suppliers. To permit PJM to effectuate such a change through manual revisions—or worse, through post hoc interpretation of ambiguous manual provisions—would be inconsistent with the filed rate doctrine and the Commission's "rule of reason."

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[9] *Keyspan-Ravenswood, LLC v. FERC*, 474 F.3d 804, 811 (D.C. Cir. 2007) (holding that the filed rate doctrine requires inclusion of "those practices that affect rates and service significantly, that are realistically susceptible of specification"); *City of Cleveland v. FERC*, 773 F.2d 1368, 1376 (D.C. Cir. 1985) (explaining that the filed rate must include "all practices affecting rates and service"); *Public Utilities Commission of California v. FERC*, 879 F.2d 719, 734 (9th Cir. 1989). Also, *Oklahoma Gas and Electric Co. v. FERC*, 11 F.4th 821, 829 (D.C. Cir. 2021) ("the filed rate is not limited to 'rates' per se, but also extends to matters directly affecting rates").

Moreover, the ambiguity and internal inconsistency of the manual provisions at issue underscore why PJM's approach cannot be sustained. The manuals continue to include language stating that an out-of-period test may remedy a test shortfall, even as PJM asserts that such a remedy no longer eliminates previously accrued penalties. This tension highlights the absence of clear, prospective rulemaking and reinforces the conclusion that market participants were not on notice of the change PJM now seeks to enforce. Markets cannot function efficiently when participants are required to guess their obligations from conflicting provisions subject to shifting interpretations.

Beyond the legal deficiencies, PJM's approach also raises serious policy concerns. The Commission has consistently recognized that stable and predictable market rules are necessary to support investment in generation resources. Imposing substantial, unanticipated penalties based on retroactive interpretations introduces a level of regulatory risk that will inevitably be reflected in higher offer prices, reduced participation, or both. As the Complaints explain, the penalties at issue are also duplicative of existing performance mechanisms and outage-related economic consequences, further exacerbating their impact without providing commensurate reliability benefits. The result is a regime that increases costs while undermining, rather than enhancing, market confidence.

If PJM believes that elimination of the out-of-period test remedy is warranted as a matter of policy, it remains free to propose such a change through a Section 205 filing, subject to notice, stakeholder input, and Commission review. What PJM cannot do is implement that change retroactively and enforce it against market participants who had no opportunity to account for it in their auction offers. The distinction between prospective rulemaking and retroactive enforcement is central to the statutory framework, and it must be maintained here.

II. CONCLUSION

For these reasons, and for those set forth in the Complaints, the Commission should grant LS Power's and Richland-Stryker's requested relief. Doing so will reaffirm the principle that market rules must be clear, filed, and prospective, and will preserve the confidence of market participants in the integrity of PJM's capacity market.

Respectfully submitted,

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May 7, 2026

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

Dated at Washington DC, this 7th day of May, 2026.

On behalf of The PJM Power Providers Group

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