

**PJM Interconnection, L.L.C.** ) **Docket No. ER26-527-000**

Pursuant to the November 17, 2025 Combined Notice of Filings #1 issued by the Federal Energy Regulatory Commission (the “Commission” or “FERC”) in the above-captioned proceeding, the PJM Power Providers Group<sup>1</sup> (“P3”) submits these brief comments<sup>2</sup> regarding the November 14, 2025, filing by PJM Interconnection, L.L.C. (“PJM”) proposing revisions to PJM’s Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”) and Open Access Transmission Tariff (“Tariff”). Specifically, PJM proposes to update the existing energy market rules so that PJM will only commit resources that are scheduled in advance of the Day-ahead Energy Market (“Advanced Scheduled Resources”) using their cost-based offers.<sup>3</sup>

<sup>3</sup> *PJM Interconnection, L.L.C.*, Docket No. ER26-527-000 (filed November, 14 2025) (“PJM Filing”).

## **I. INTRODUCTION**

P3 respectfully submits these comments in response to the filing submitted by PJM on November 14, 2025, in Docket No. ER26-527-000. PJM's proposal to require the use of cost-based offers for Advanced Scheduled Resources should be viewed as part of a larger effort to ensure accurate energy market pricing. The instant filing represents a first step, albeit a small one, in addressing transparency, limiting the potential for inefficient uplift, and ensuring that commitments made for reliability purposes are grounded in verifiable costs, including costs associated with the physical realities of the power system, gas commodity markets, and gas pipeline operations; however, the filing leaves many important issues unresolved.

As PJM acknowledges, the proposal submitted in this docket constitutes only "Phase 1" of a two-phase initiative. Several critically important issues remain unresolved and are slated for "Phase 2," including (1) enhancements to uplift rules for multi-day commitments, (2) updates to Fuel Cost Policy requirements, (3) the treatment of stranded gas costs, and (4) necessary alignment between these reforms and the ongoing work of the Reserve Certainty Senior Task Force ("RCSTF"). P3 agrees that these issues must be addressed promptly and comprehensively to ensure that market rules fully reflect operational realities and support accurate price formation.

## **II. COMMENTS**

P3 appreciates the broad stakeholder support demonstrated in the MIC, MRC, and Members Committee votes. While some P3 members were unable to support the instant filing, P3 members who did not object to the proposal did so because of an understanding

that these additional issues would be addressed. In either instance, PJM and its members believe that it is essential that this Phase 2 work proceed expeditiously. As PJM and stakeholders observed during the deliberations that led to this filing, several unresolved issues remain that directly affect reliability, uplift exposure, market efficiency and accurate prices.

### **A. Multi-Day Commitments and Uplift Calculations**

Recent operating events, including the 2025 Martin Luther King holiday weekend (January 18–23, 2025), demonstrated the magnitude of uplift exposure that can arise under current rules. That weekend, over \$330 million in uplift payments were incurred due to out-of-market actions necessary to maintain system reliability.<sup>4</sup> These costs are not hedgeable for load or supply, thus introducing substantial uncertainty for all market participants.

Phase 2 must include a comprehensive review of uplift calculations for multi-day commitments, and ensuring that gas and other resource types scheduled in advance of the operating day are accounted for in price formation to ensure that uplift rules reflect the cost structures and uncertainties, staffing requirements, fuel procurement challenges, and reliability obligations associated with extended commitments. Importantly, Phase 2—along with the work contemplated in the ongoing Reserve Certainty Senior Task Force—must consider reforms that allow the market to reflect and appropriately price the actions PJM must take to ensure operational reliability and minimize the need for out-of-market actions and associated uplift payments.

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<sup>4</sup> [20250205-item-06---informational-update-on-winter-operations.pdf](#), p. 31.

## **B. Fuel Cost Policy Revisions**

Fuel Cost Policy requirements must accurately reflect the realities of procuring fuel during holiday periods, cold-weather alerts, and periods of constrained gas availability. PJM's filing notes that Phase 2 will consider updates to Fuel Cost Policy rules to "more accurately reflect actual fuel costs in cost-based offers." P3 agrees that these reforms are necessary to ensure that cost-based offers used for pre-scheduling reflect the true expected costs of operating during these periods.

## **C. Consideration of Stranded Gas Minimization and Cost Recovery**

Resources may incur stranded gas costs when procuring fuel in anticipation of PJM commitments that ultimately do not materialize in real-time or when resources are dispatched below their eco max. Without clear dispatch expectations, many market participants will prudently purchase fuel at their eco max to ensure reliability needs can be met. However, PJM's ultimate dispatch instructions (which may dispatch a resource at a level below its eco max) may leave market participants with significant and costly stranded gas. Without a reasonable mechanism for recovery of such costs, market participants face significant financial risk that may discourage prudent fuel procurement strategies and thus undermine system reliability. Phase 2 should develop a clear, transparent, and administrable approach to the treatment of stranded gas costs.

## **D. Coordination With the Reserve Certainty Senior Task Force (RCSTF)**

Reserve market design and Advanced Scheduling rules are inseparable. PJM's filing highlights that the RCSTF is working to reduce uplift and improve forward reserve signals. P3 strongly supports the alignment of Phase 2 work with the RCSTF's reforms to

ensure that improved reserve price signals reduce the need for pre-scheduling and the associated uplift risks. As PJM faces increased resource adequacy challenges, the work of the RCSTF (and Phase 2 of Advanced Scheduling) is critical as accurate price signals based on system needs will help drive necessary investment to retain and uprate existing resources and build new resources.

#### **E. Urgency and Timing**

PJM has indicated that Phase 2 will likely conclude by the end of 2026, with RCSTF work targeted for mid-2026. Given the realities of Commission review and approval and effective implementation of new market rules (and any attendant software or other upgrades), P3 notes that this timeline means that market participants may face at least two additional winter periods without reforms to uplift rules, stranded cost treatment, or reserve market coordination. There will be periods with long holiday weekends, likely extreme cold weather, and potential gas restrictions where PJM has stated they will employ advanced scheduling to mitigate system risk. There will also be periods of high volatility and risk for market participants. For this reason, P3 encourages PJM and stakeholders to proceed with urgency while maintaining the principles of sound market design.

#### **IV. CONCLUSION**

P3 urges the Commission to encourage PJM and stakeholders to continue Phase 2 work without delay, as the unresolved issues identified in the PJM filing are integral to the long-term efficiency, reliability, and stability of PJM's markets. P3 appreciates the opportunity to comment here and looks forward to continued engagement with PJM, the

Independent Market Monitor, stakeholders, and the Commission as this important work continues.

Respectfully submitted,

On behalf of The PJM Power Providers  
Group

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December 5, 2025

**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 5th day of December, 2025.

On behalf of the PJM Power Providers Group

By: /s/ Diane Slifer

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