January 17, 2025

The Honorable Willie L. Phillips, Mark Christie, David Rosner, Lindsay See, and Judy Chang

888 First Street, N.E.
Washington, DC 20426

Re: Docket No. EL25-46-000, *Governor Josh Shapiro and the Commonwealth of Pennsylvania v. PJM Interconnection, LLC*

Dear Chairman Phillips and Commissioners Christie, Rosner, See and Chang:

We the undersigned states, along with Pennsylvania, represent approximately half of the load served by PJM Interconnection (PJM). Like Governor Shapiro, we are deeply concerned about the potential for excessive capacity market price increases in forthcoming capacity auctions **and we urge the Commission to safeguard ratepayers across our states from unwarranted prices by modifying PJM's auction price cap as requested in Pennsylvania's complaint**.

The proposed temporary modification to the price cap ensures that prices do not reach unjust and unreasonable levels despite the structural limitations in today's marketplace preventing a pronounced market response to elevated prices. This measure is also warranted given the unusually large number of emergency reforms PJM has proposed for the upcoming 2026/2027 auction, as well as the significant changes implemented in the 2025/2026 auction. The temporary nature of the price cap adjustment will allow the market to adjust to PJM's amended market rules, as well as provide time for PJM to address the severe backlog in its interconnection queue.

We have previously written to you in support of other complaints addressing flaws in the PJM capacity market.[1] While we recognize PJM has taken the first steps in proposing several of the requested reforms, such as incorporating reliability must-run resources into the capacity market, removing some barriers to the surplus interconnection process, and imposing a must-offer obligation on all resources, these steps are not sufficient to protect customers against the potential for capacity prices to rise as much as $20.4 billion more than can be justified by any market fundamentals, or the historic framework for the capacity market. Such an enormous capacity bill increase over the next several auctions

[1] *See, e.g.*, Letter from Governors Pritzker of Illinois, Moore of Maryland, Carney of Delaware, Murphy of New Jersey, and Shapiro of Pennsylvania of October 25, 2025, in Docket No. EL24-148-000.

would serve as an onerous stealth tax on electricity consumers, while being structurally unable to bring new generation to market.

Our states see first-hand how delays in PJM's interconnection process make it difficult for new generation and storage projects, including those with contracts supported by state incentives, to reach market. We remain ready to continue the work of supporting development of new generation resources that comply with state energy and climate goals; however, until the interconnection logjam eases, all market participants have limited ability to bring new capacity to market, regardless of how high the capacity prices may rise.

The Commission has the ability to prevent customers from paying billions more than warranted. We urge you to put appropriate protections in place to ensure that extreme pricing does not occur without developers being able to meaningfully respond to those higher prices. We look forward to working with PJM and the Commission to address these concerns.

Sincerely,

Illinois
[Office of the Governor]

Maryland
[Office of the Governor]

Bethany A. Hall-Long

Delaware
[Office of the Governor]

New Jersey
[Office of the Governor]