# Raising the Roof: A Recap of the 2026/27 PJM Capacity Auction

PJM Fall 2025 Outlook

Wednesday 27th August 2025

# Speakers

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# Ask us a question!

Ask a Question

*Ask a Question*

**Send**

Total Answered Questions: 0



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# Agenda

# A Look Back at Summer 2025

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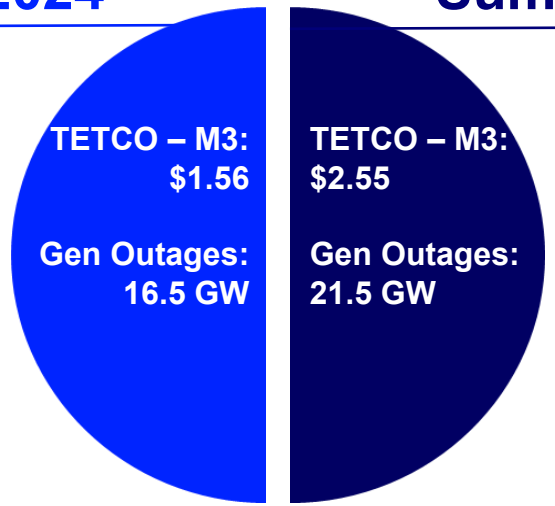
# Summer 2024/25 Evaluation

## Summer 2024

**RT WHUB**
**MCC: $2.42**
**RT WHUB**
**LMP: $46.06**




## Summer 2025

**RT WHUB**
**MCC: $0.45**
**RT WHUB**
**LMP: $63.62**

### Lenox – N. Meshoppen 115kV

- Shadow Price: $792,372.
- ▲ RE, PN
- ▼ PPL
- NYISO Exports
- PPL/PN Thermal Gen Strength

### Pleasant View 500/230kV XF

- Shadow Price: $254,078.
- ▲ PEPCO, DOM, WHUB
- ▼ EKPC, OVEC
- DOM Load Strength

### Goose Creek 500/230kV XF

- Shadow Price: $143,600.
- ▲ PEPCO, DOM, WHUB
- ▼ EKPC, OVEC
- DOM Load Strength

### Dresden CT 138/1kV XF

- Shadow Price: $140,896.
- ▲ COMED, NIHUB
- ▼ -
- ComEd Load Strength
- ComEd Thermal Gen Strength
- ComEd Wind Gen Weakness

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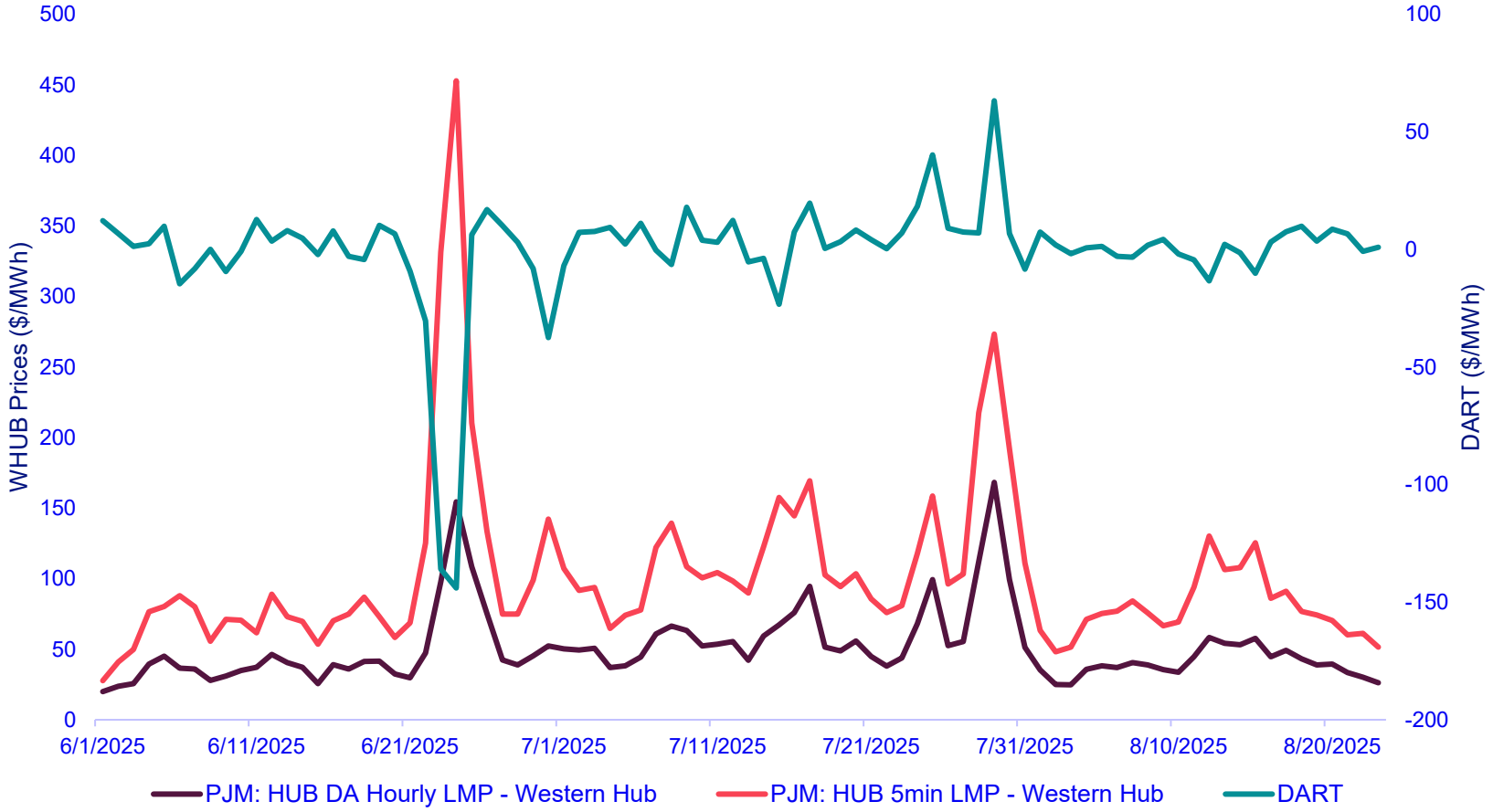
* Please note that the numbers presented for Summer 2025 are preliminary and subject to change as more data becomes available

# Summer 2024/25 Evaluation, cont.




**WHUB On-Peak Real Time**

- Congestion: Bearish
- Fuel: Bullish
- Demand: Bullish
- Generation: Bullish

| | | | |
|---|---|---|---|
| **Summer 2025 Settles:** | **June:** $71.75 | **July:** $68.66 | **August:** $46.32* |
| **Forecast:** | **June:** Buy | **July:** Buy | **August:** Buy |

* As of 8/25/2025

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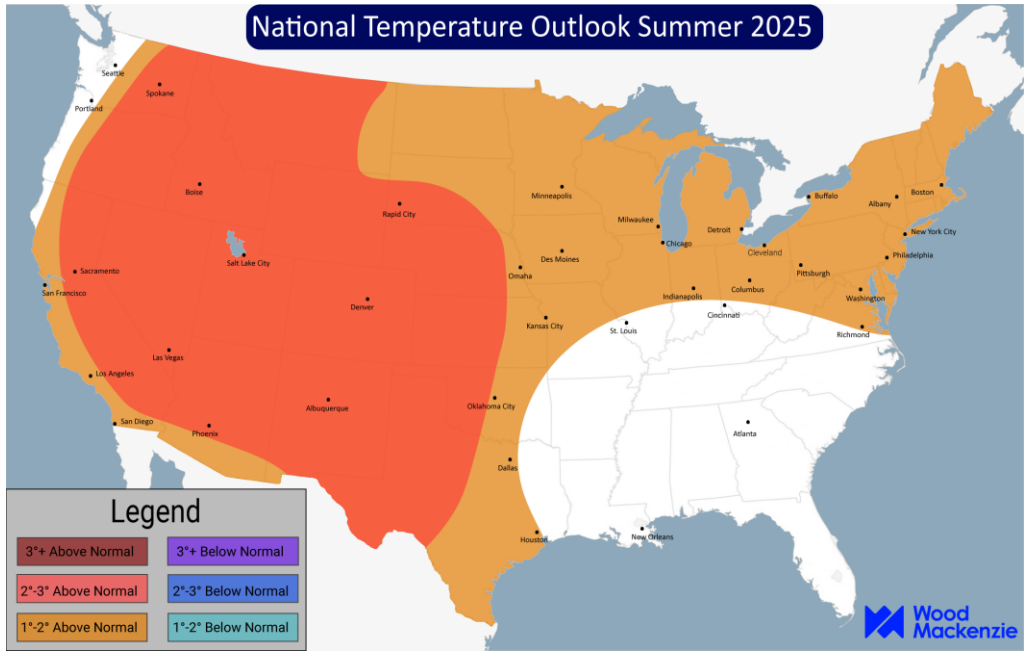
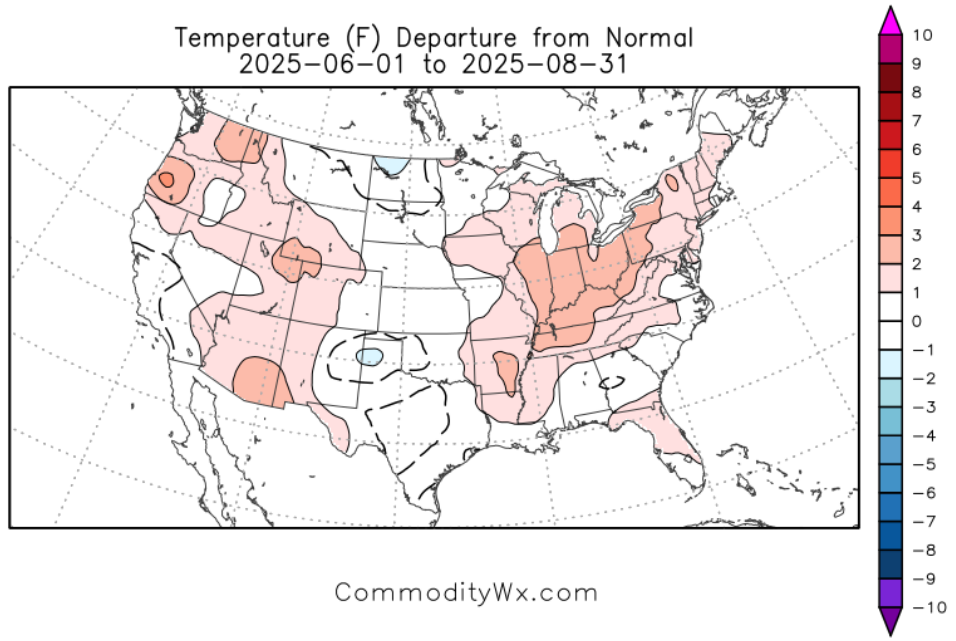
# Summer Verification

## WoodMac Forecast




## Summer Actuals



# Summer Breakdown

## Summer

- Verified warmer than forecast.
- Multiple intense heatwaves.
- Demand peak verified significantly stronger than forecast.

## June

Record breaking late month heatwave.

- 160.2 GW Actual Peak
- 140.9 GW Forecast Peak

## July

Persistent heat.

- 154.2 GW Actual Peak
- 150.4 GW Forecast Peak

## August

Hot start then much cooler end.

- 146.4 GW Actual Peak
- 140.4 GW Forecast Peak

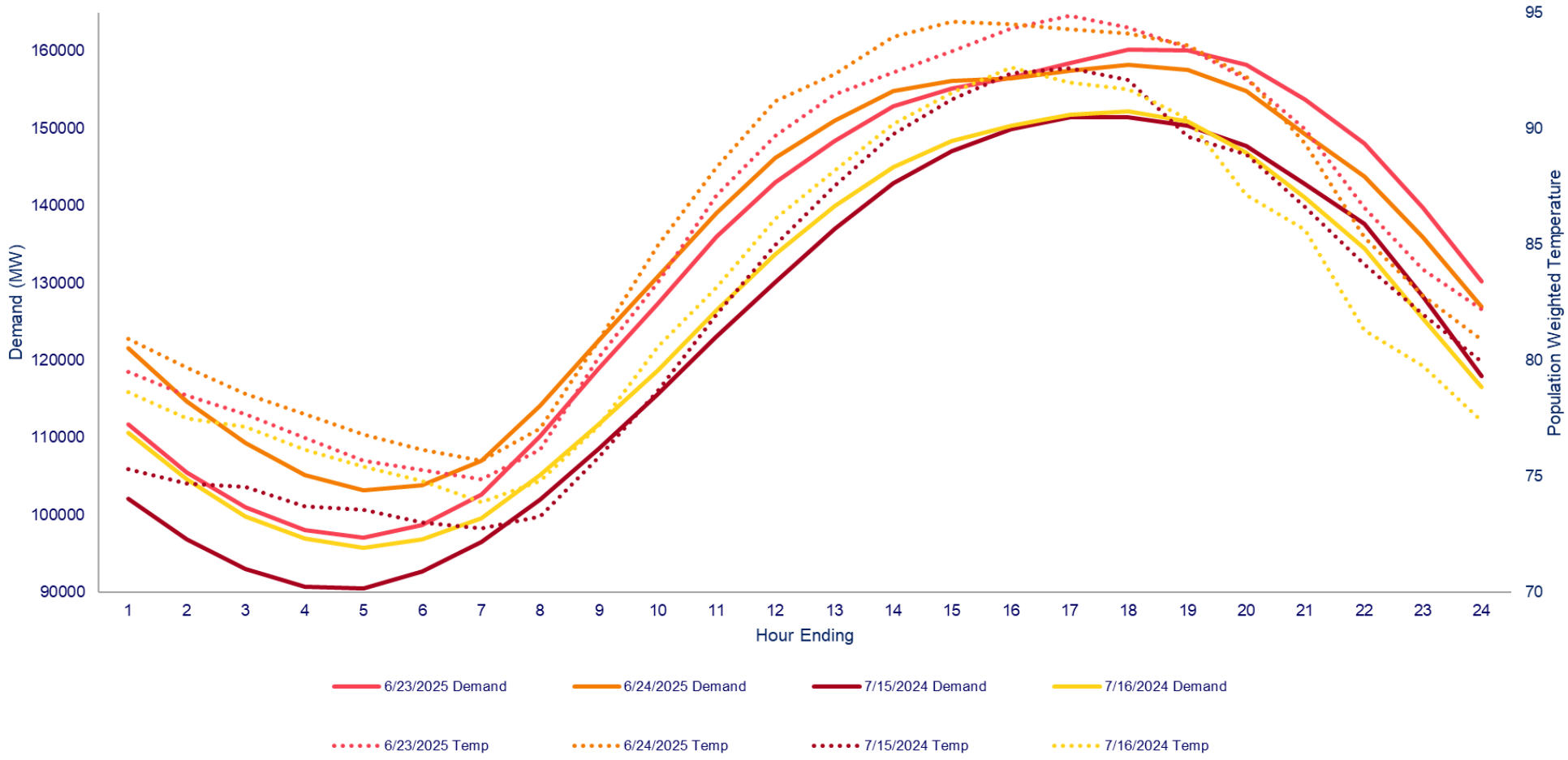
# Demand Verification

| Month | June | July | August |
|---|---|---|---|
| Warmer Scenario | 146.4 GW | 152.7 GW | 148.5 GW |
| Colder Scenario | 135.9 GW | 146.9 GW | 138.3 GW |
| Forecast Peak Demand (GW) | 140.9 GW | 150.4 GW | 140.4 GW |

| | | | |
|---|---|---|---|
| Actual Peak | 160.2 GW | 154.2 GW | 146.4 GW |

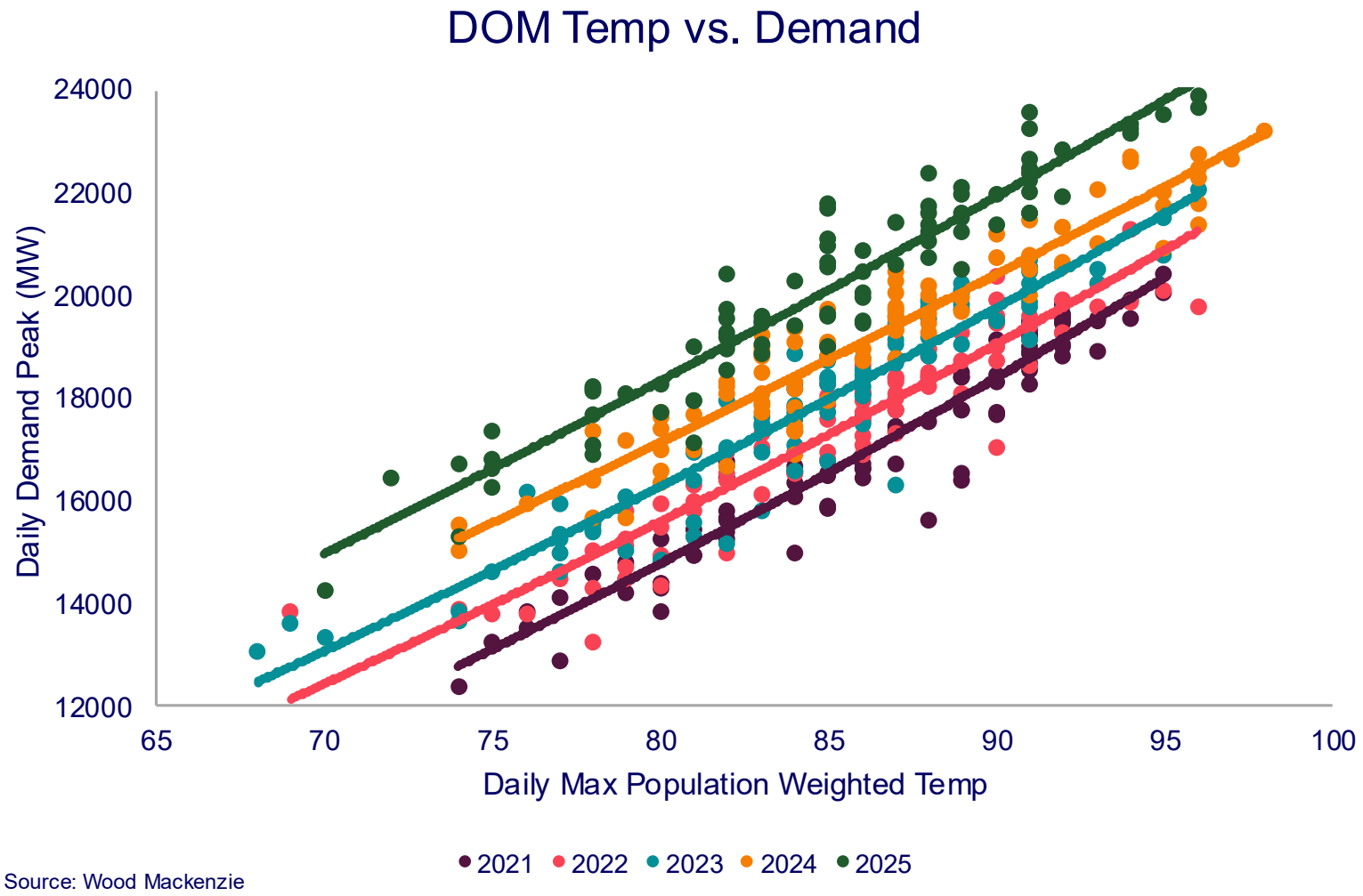
Sources: WoodMac and PJM

# Temp and Demand Comparison




Source: Wood Mackenzie

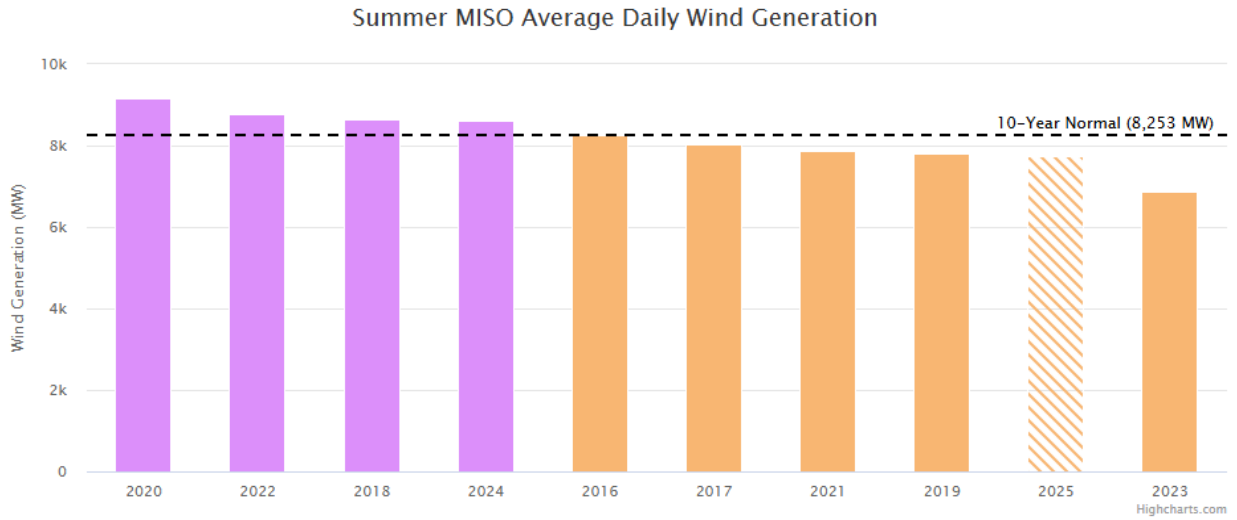
# DOM Load Growth Contribution

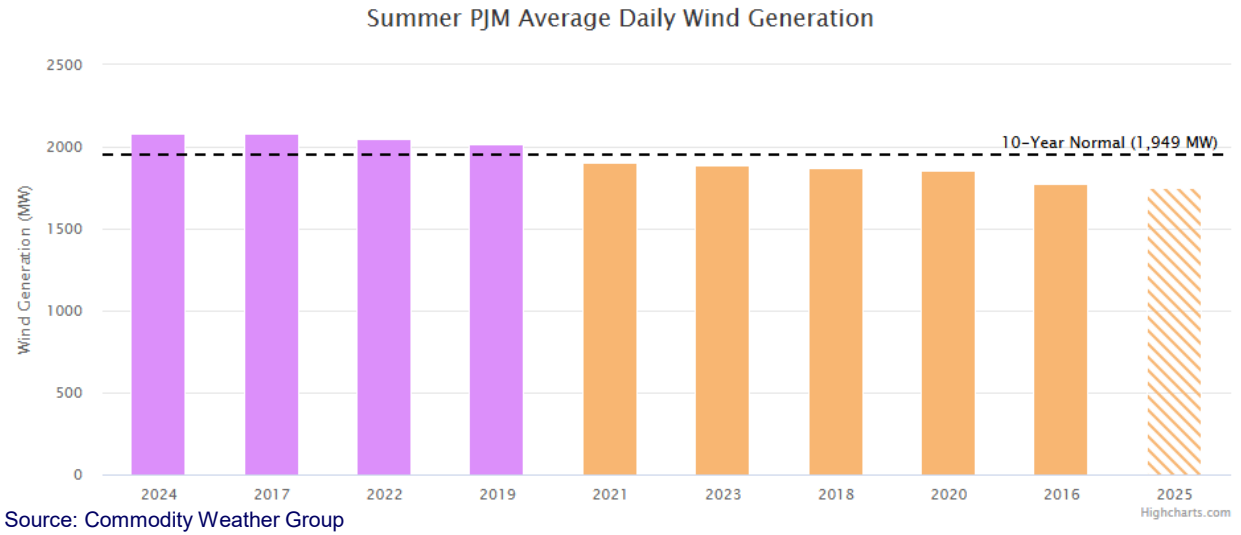



Source: Wood Mackenzie

# Wind Verification

- Weaker than normal wind in both MISO and PJM
- Generally inline with expectations in MISO where weak wind gen was forecast.
- Decrease compared to Summer 2024 was much more drastic than expected in PJM.




Source: Commodity Weather Group

# A Look Back at Fall 2024

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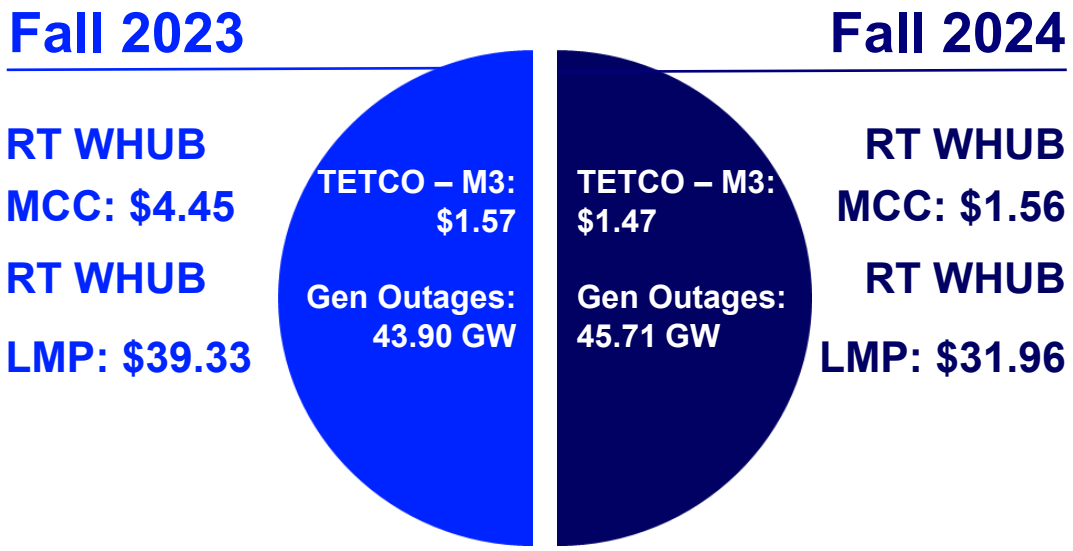
# Fall 2024 Recap




### Lenox – N. Meshoppen 115kV

- Shadow Price: $255,753.
- ▲ RE, PN
- ▼ PPL
- NYISO Exports
- PPL/PN Thermal Gen Strength

### E Lima – Haviland 138kV

- Shadow Price: $131,108.
- ▲ -
- ▼ COMED, NIHUB
- Wind Gen Strength
- Marysville Network Outages.

### Mardela – Vienna 69kV

- Shadow Price: $131,108.
- ▲ DPL, EHUB
- ▼ -
- DPL Load Strength.
- Indian River Retirement.

### Preston – Tibbs 138kV

- Shadow Price: $106,970.
- ▲ -
- ▼ COMED, NIHUB
- MISO North Wind Gen Strength
- St Louis Load Strength

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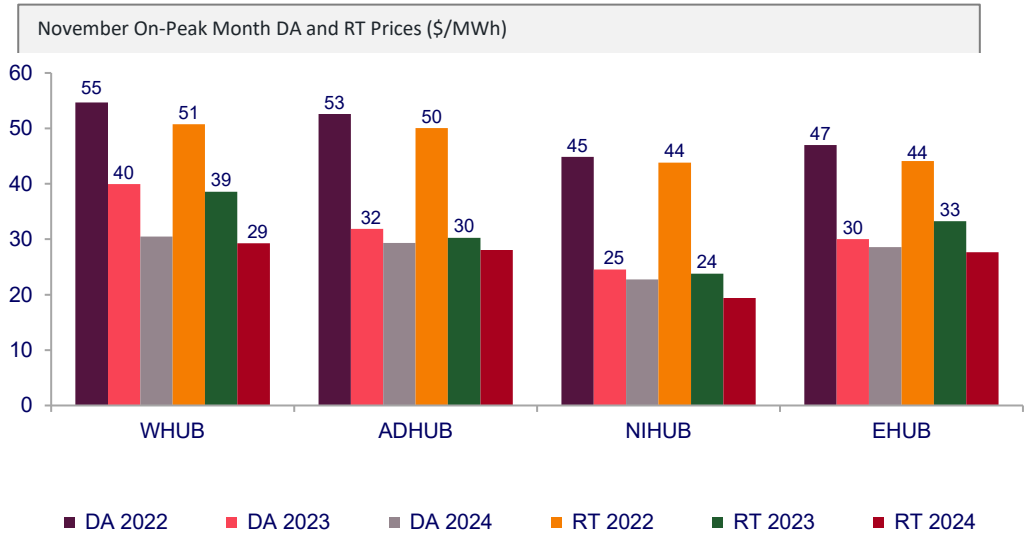
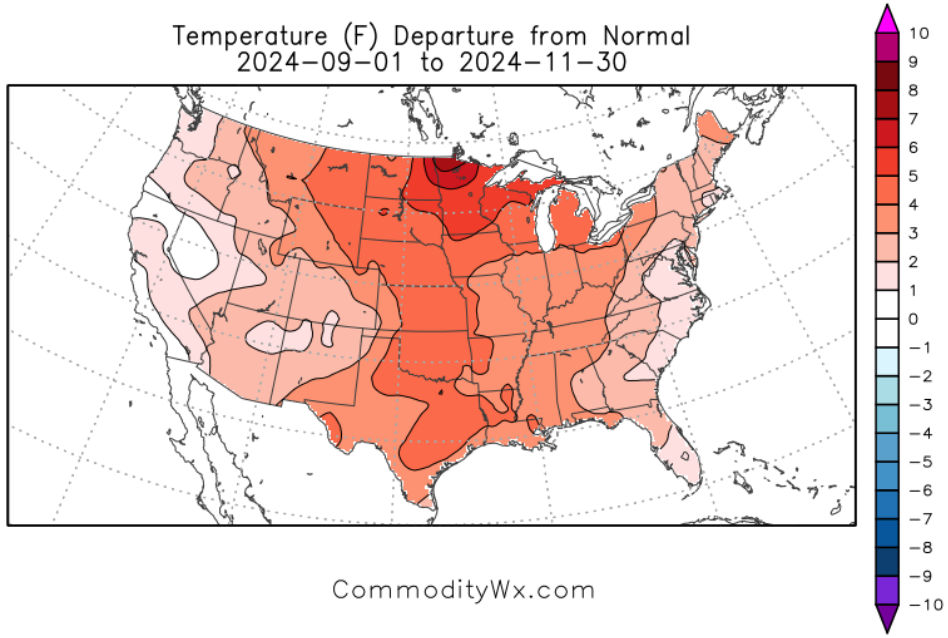
# Fall 2024 Recap, cont.

| On-Peak LMPs ($/MWh) | | WHUB | | | ADHUB | | | NIHUB | | | EHUB | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | DA | RT | DA/RT | DA | RT | DA/RT | DA | RT | DA/RT | DA | RT | DA/RT |
| September | 2022 | 82.19 | 76.41 | 5.77 | 78.75 | 74.60 | 4.15 | 71.54 | 69.19 | 2.35 | 63.42 | 57.39 | 6.03 |
| | 2023 | 31.94 | 32.95 | -1.01 | 29.38 | 29.07 | 0.31 | 27.50 | 26.53 | 0.97 | 26.03 | 25.02 | 1.01 |
| | 2024 | 30.95 | 30.79 | 0.16 | 30.08 | 30.75 | -0.67 | 26.75 | 28.30 | -1.54 | 25.34 | 27.43 | -2.09 |
| October | 2022 | 61.14 | 56.69 | 4.45 | 58.81 | 56.22 | 2.59 | 48.41 | 48.05 | 0.36 | 53.45 | 54.57 | -1.12 |
| | 2023 | 37.17 | 36.96 | 0.20 | 35.08 | 33.81 | 1.27 | 30.22 | 29.32 | 0.90 | 20.86 | 19.28 | 1.58 |
| | 2024 | 35.46 | 32.97 | 2.50 | 33.10 | 31.98 | 1.11 | 25.95 | 25.83 | 0.12 | 31.27 | 30.47 | 0.81 |
| November | 2022 | 54.68 | 50.75 | 3.93 | 52.58 | 50.04 | 2.55 | 44.84 | 43.81 | 1.04 | 46.99 | 44.13 | 2.86 |
| | 2023 | 39.97 | 38.59 | 1.38 | 31.84 | 30.28 | 1.57 | 24.56 | 23.78 | 0.78 | 30.02 | 33.25 | -3.23 |
| | 2024 | 30.48 | 29.26 | 1.21 | 29.31 | 28.04 | 1.28 | 22.75 | 19.37 | 3.37 | 28.58 | 27.64 | 0.94 |

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# Fall 2025 Weather and Demand Forecast

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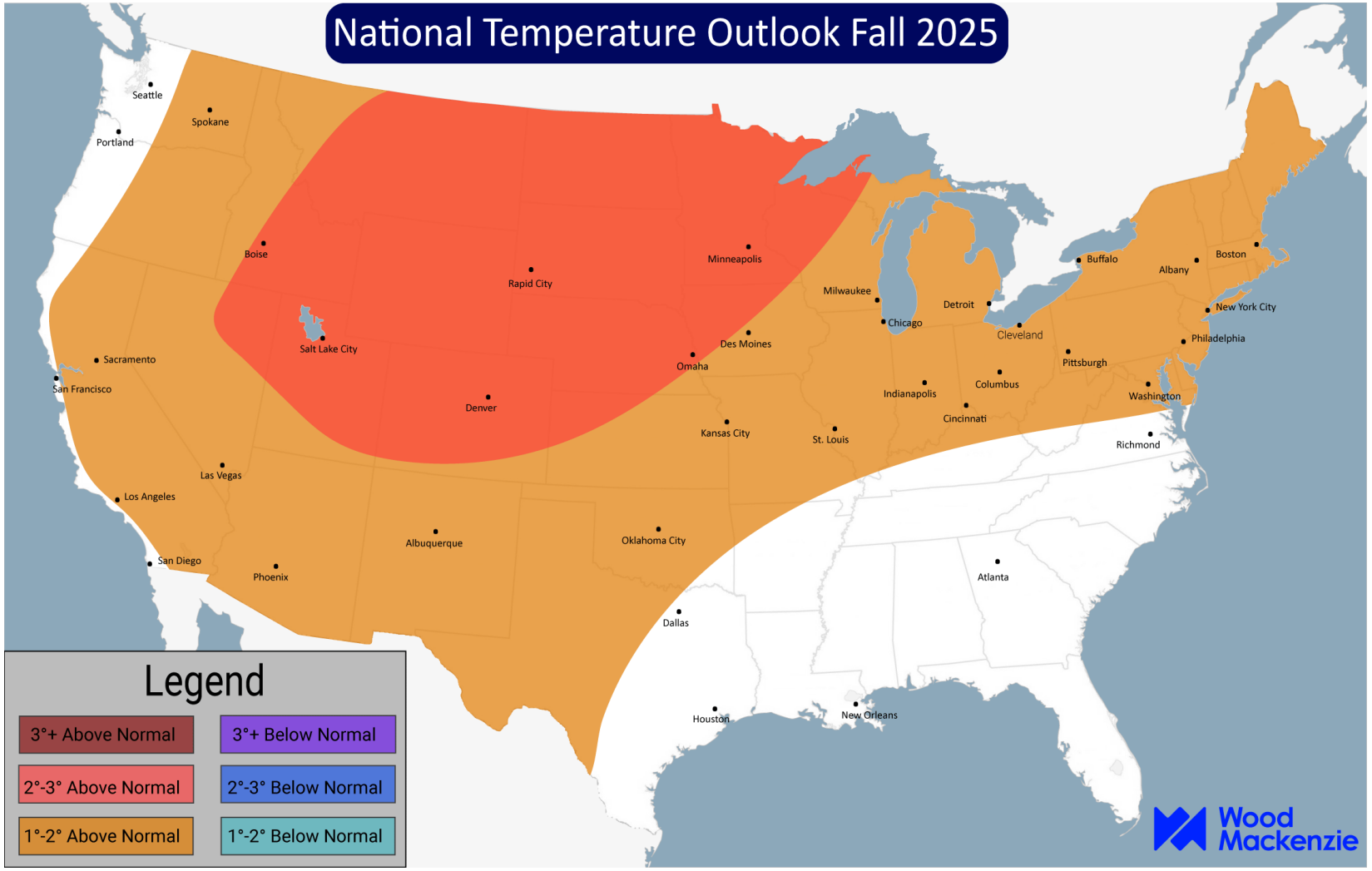
# Fall Composite

- Warmer-than-normal conditions expected across the footprint.
- Warmth focused on October and November is generally a bearish influence.
- Cooler risks in September, particularly early in the month.

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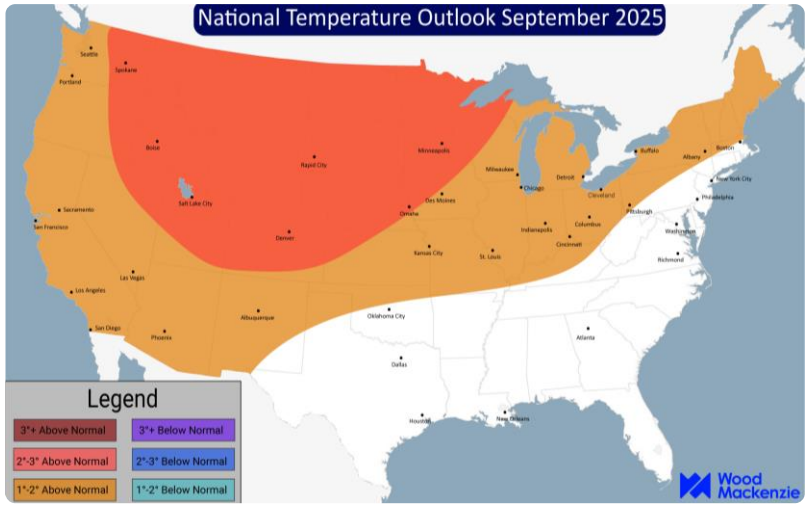
# Temperature Breakdown

## September

Cooler risks present, particularly over first half of month.

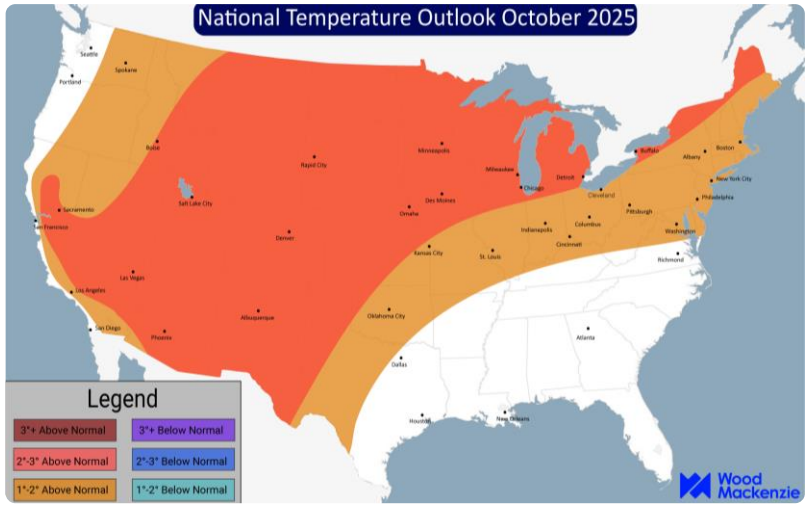
119.8 GW forecast peak




## October

Generally warm conditions for the heart of shoulder season.

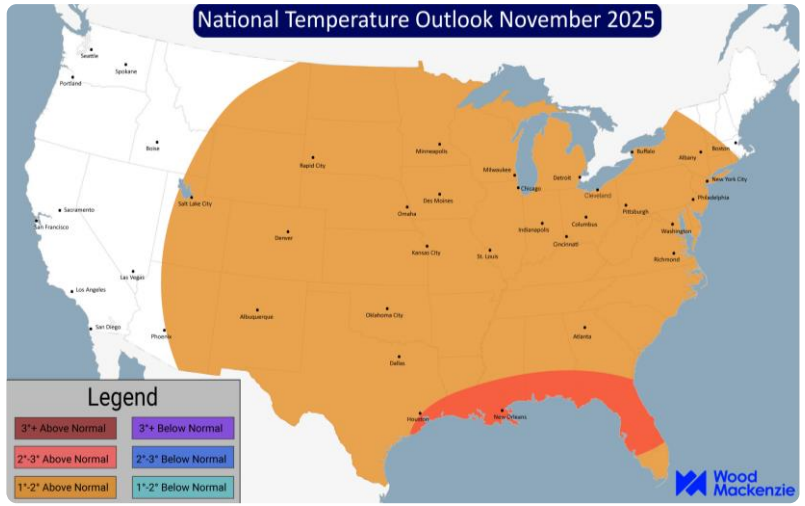
97.3 GW forecast peak




## November

Warmer than normal lean is generally bearish to demand, but late month heating load spike drives up forecast.

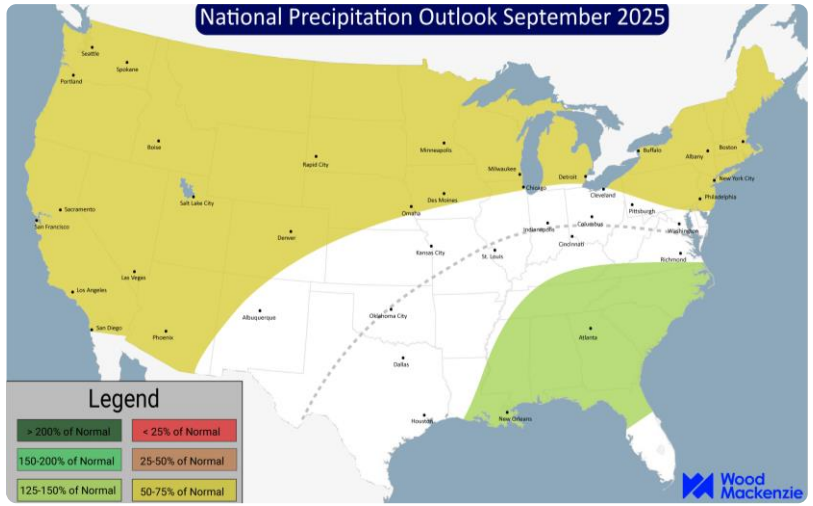
110.2 GW forecast peak



# Precipitation Breakdown

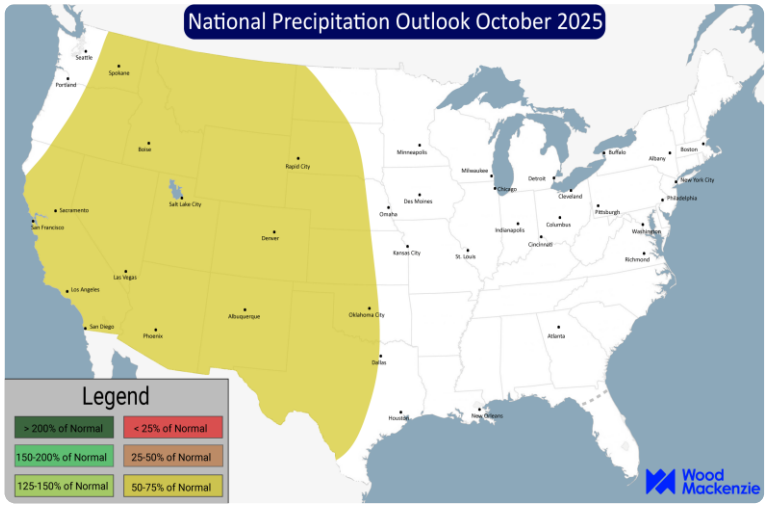
## September

Drier than normal forecast but wetter risks exist shoulder cooler scenario pan out.



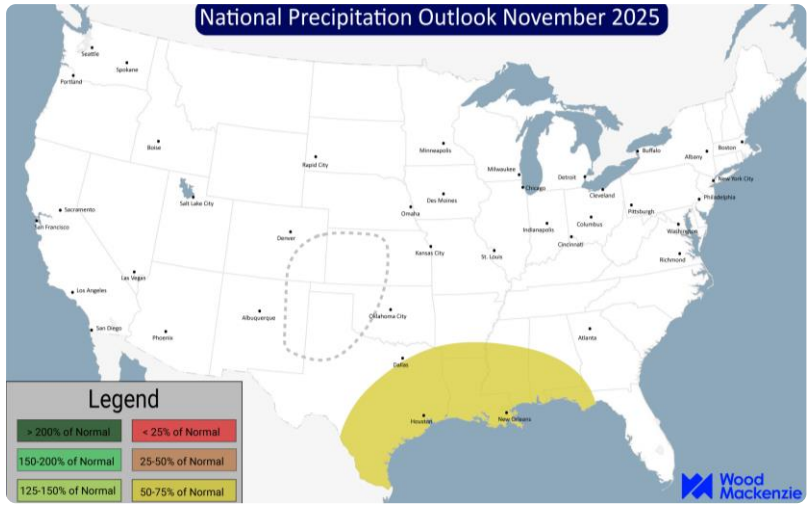

## October

Slightly drier than normal conditions accompany a mild October.




## November

Drier than normal conditions expected to persist.



# Demand Scenarios

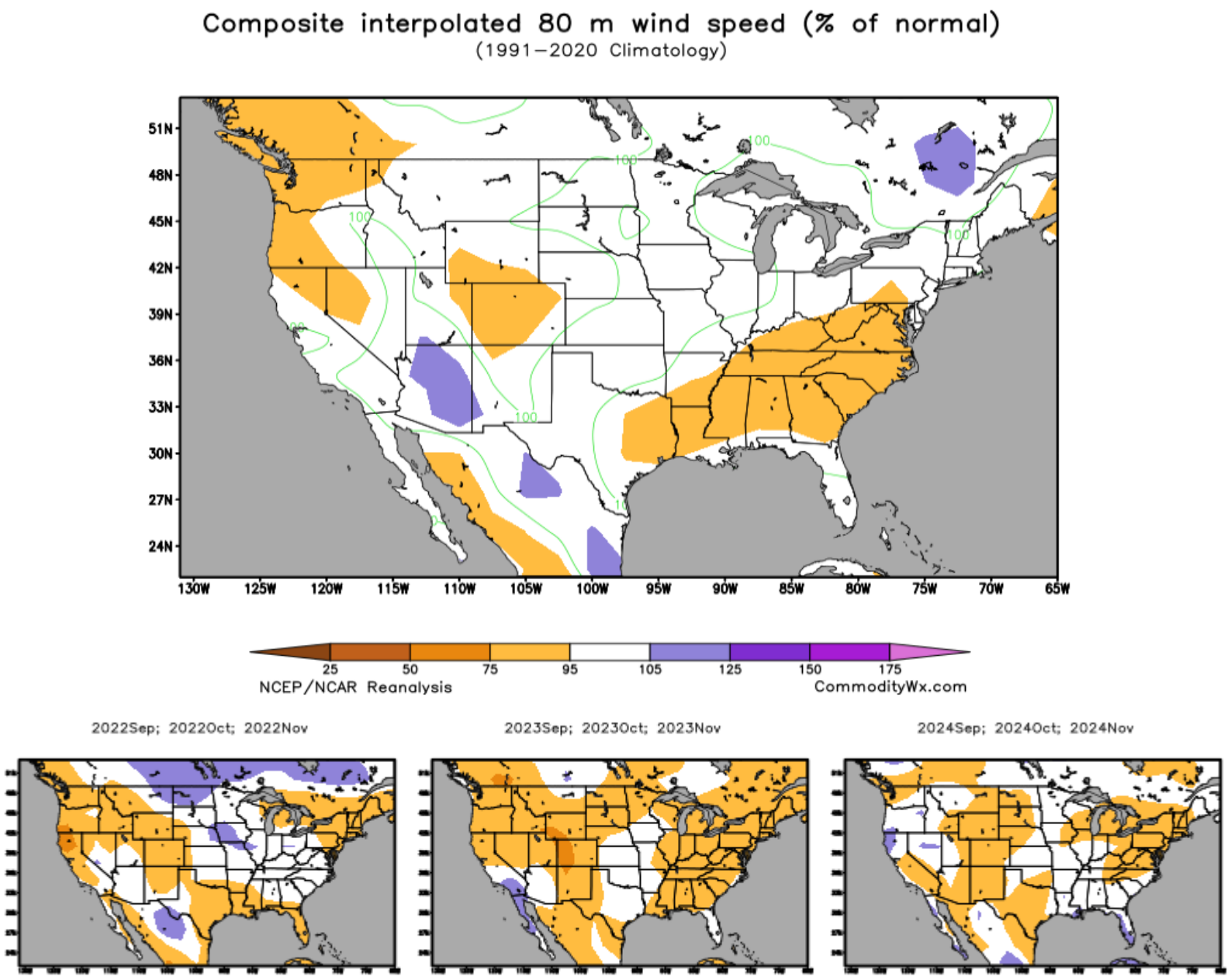
| Month | September | October | November |
|---|---|---|---|
| Warmer Scenario | 126.9 GW | 101.2 GW | 104.7 GW |
| Colder Scenario | 115.2 GW | 98.7 GW | 118.6 GW |
| Forecast Peak Demand (GW) | 119.8 GW | 97.3 GW | 110.2 GW |

| | | | |
|---|---|---|---|
| 2024 Actual Peak | 120.0 GW | 96.7 GW | 104.1 GW |

Sources: WoodMac and PJM

# Wind Generation Forecast

- 2025 forecast top, previous three years bottom.
- Notable rebound in wind gen year-over-year in MISO.
- Slight rebound in wind gen year-over-year in PJM.



# Nuclear Outages

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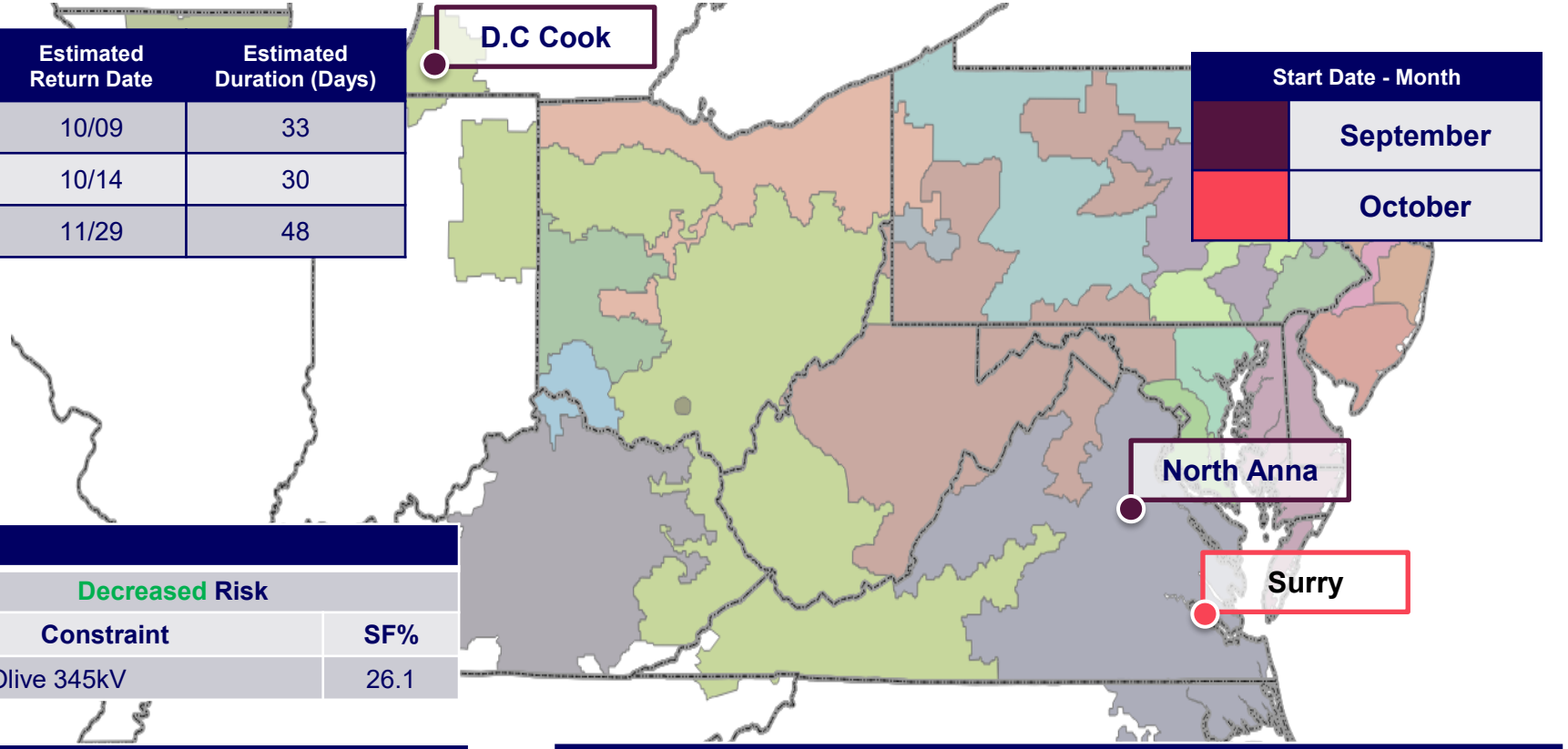
# Nuclear Outages

## Confirmed Schedule

| Unit | Output (MW) | Zone | Start Date | Estimated Return Date | Estimated Duration (Days) |
|---|---|---|---|---|---|
| North Anna 1 | 948 | DOM | 09/06 | 10/09 | 33 |
| D.C. Cook 2 | 1164 | COMED | 09/14 | 10/14 | 30 |
| Surry 1 | 838 | DOM | 10/12 | 11/29 | 48 |




| DC Cook | | | |
|---|---|---|---|
| Increased Risk | | Decreased Risk | |
| Constraint | SF% | Constraint | SF% |
| Dumont – Wilton 345kV | 10.1 | Cook – Olive 345kV | 26.1 |

| North Anna | | | |
|---|---|---|---|
| Increased Risk | | Decreased Risk | |
| Constraint | SF% | Constraint | SF% |
| Remington – Marsh Run 230kV | 5.0 | S. Anna – Desper 230kV | 20.6 |

| Surry | | | |
|---|---|---|---|
| Increased Risk | | Decreased Risk | |
| Constraint | SF% | Constraint | SF% |
| Chaparral Tap – Carson 230kV | 3.1 | Hopewell – Chesterfield 230kV | 14.7 |

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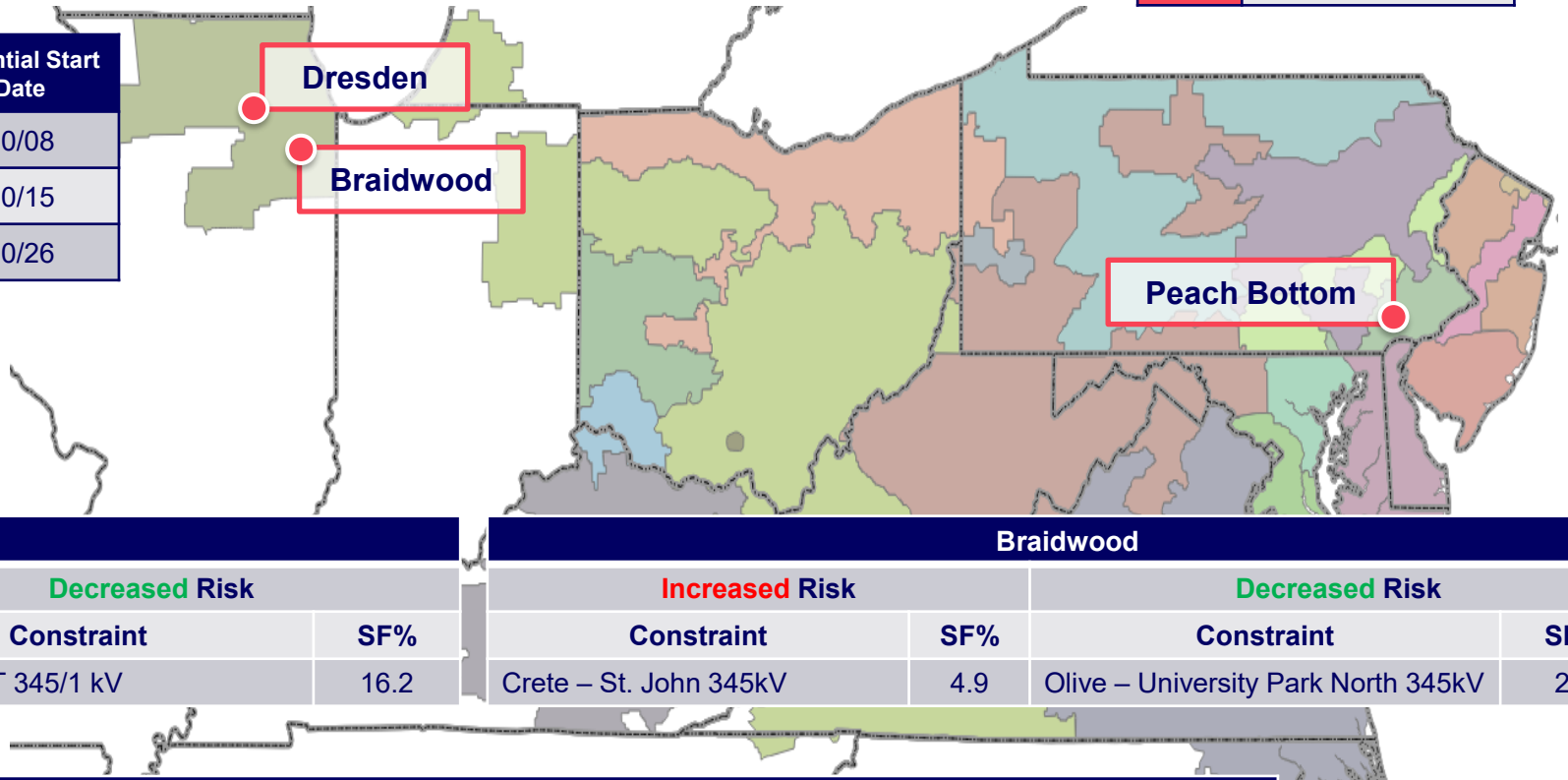
- Source: BHI Energy, Outage Calendar, RoadTechs, NukePowers, Day&Zimmerman

# Nuclear Outages

## Potential Schedule

| Unit | Output (MW) | Zone | Potential Start Date |
|---|---|---|---|
| Peach Bottom 3 | 1308 | PECO | 10/08 |
| Braidwood 1 | 1194 | COMED | 10/15 |
| Dresden 3 | 895 | COMED | 10/26 |




| Dresden | | | |
|---|---|---|---|
| Increased Risk | | Decreased Risk | |
| Constraint | SF% | Constraint | SF% |
| Nelson – Electric Jct. 138kV | 9.3 | Dresden CT 345/1 kV | 16.2 |

| Braidwood | | | |
|---|---|---|---|
| Increased Risk | | Decreased Risk | |
| Constraint | SF% | Constraint | SF% |
| Crete – St. John 345kV | 4.9 | Olive – University Park North 345kV | 2.6 |

| Peach Bottom | | | |
|---|---|---|---|
| Increased Risk | | Decreased Risk | |
| Constraint | SF% | Constraint | SF% |
| Otter Creek – Yorkana 230kV | 21.2 | Conastone – Peach Bottom 500kV | 33.5 |

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- Source: BHI Energy, Outage Calendar, RoadTechs, NukePowers, Day&Zimmerman

# Generation Additions

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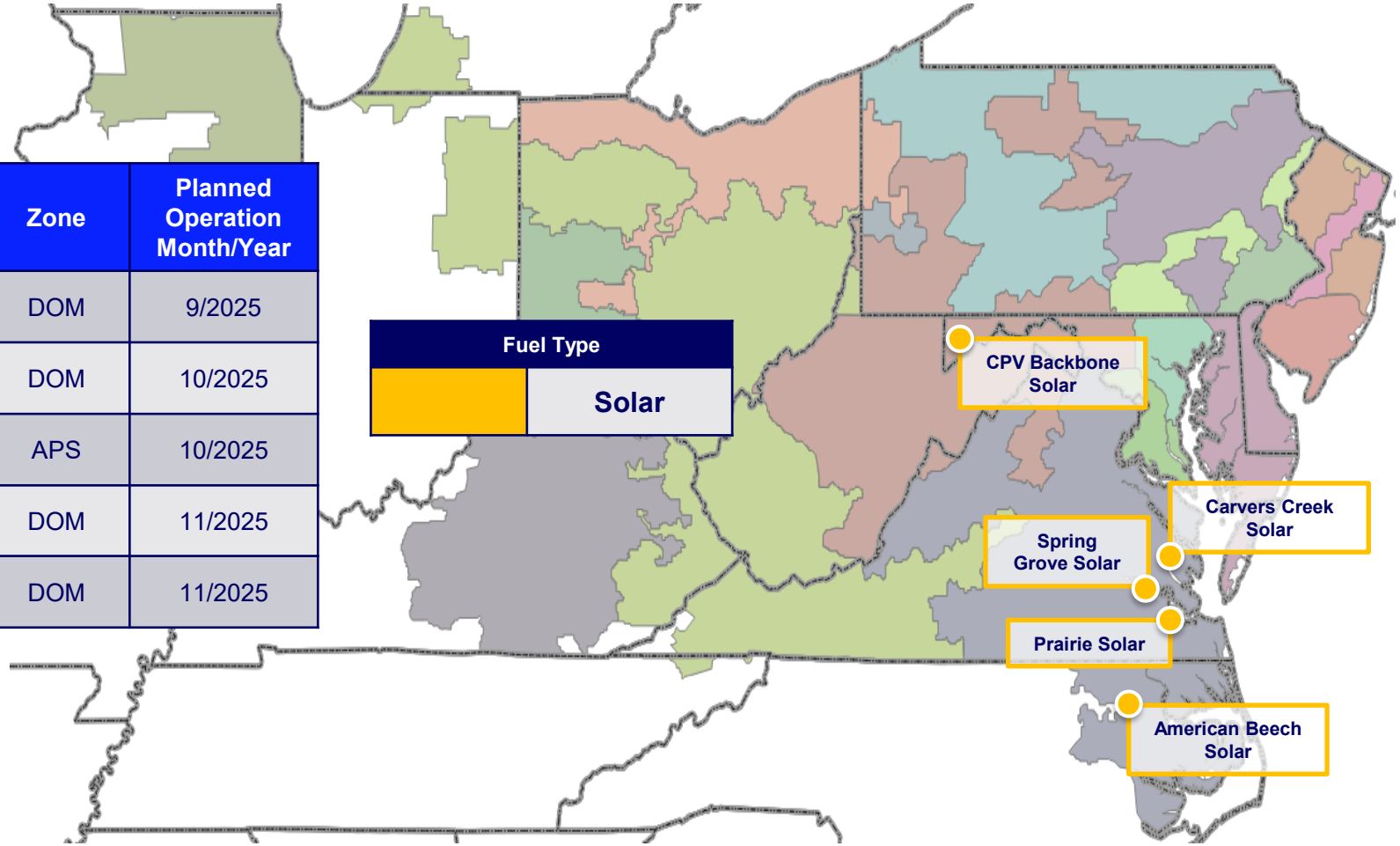
# Generation Additions

- ~555 MW of capacity is planned to be added this fall, all of which comes from Solar.

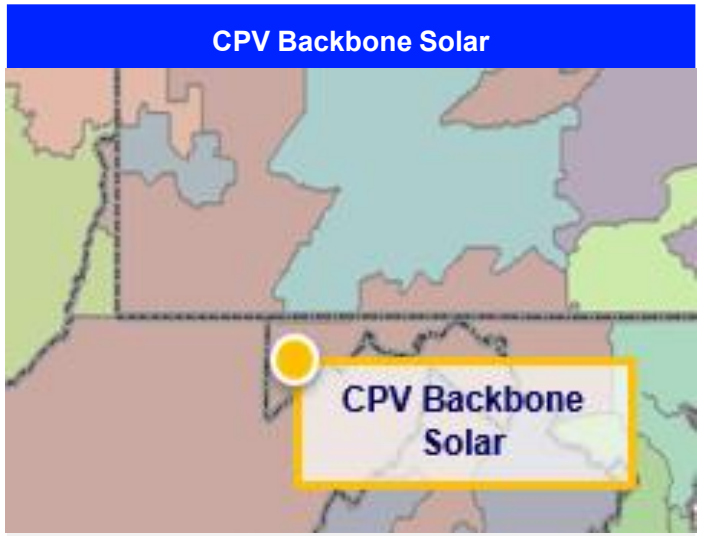
| Unit Name | Capacity (MW) | Fuel Type | State | Zone | Planned Operation Month/Year |
|---|---|---|---|---|---|
| Spring Grove Solar | 150 | Solar | VA | DOM | 9/2025 |
| American Beech Solar | 110 | Solar | NC | DOM | 10/2025 |
| CPV Backbone Solar | 175 | Solar | MD | APS | 10/2025 |
| Prairie Solar | 20 | Solar | VA | DOM | 11/2025 |
| Carvers Creek Solar | 99 | Solar | VA | DOM | 11/2025 |




Source: PJM; EIA

# CPV Backbone Solar

## Background & Impacts




**Owner:** CPV Backbone Solar, LLC

**Type:** Solar

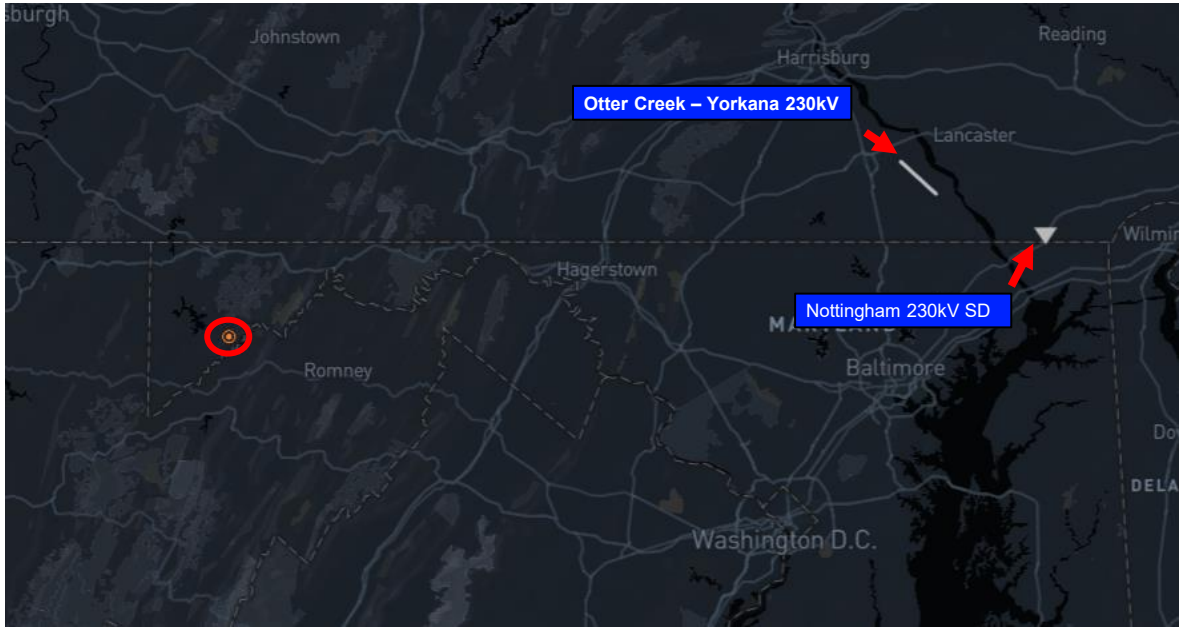
**Nameplate Capacity:** 175.0 MW

**Zone:** APS

**Status:** Under construction, more than 50 percent complete

**Planned Operation month:** 10/2025

**Reference Node:** MTZI APS138 KV  T1



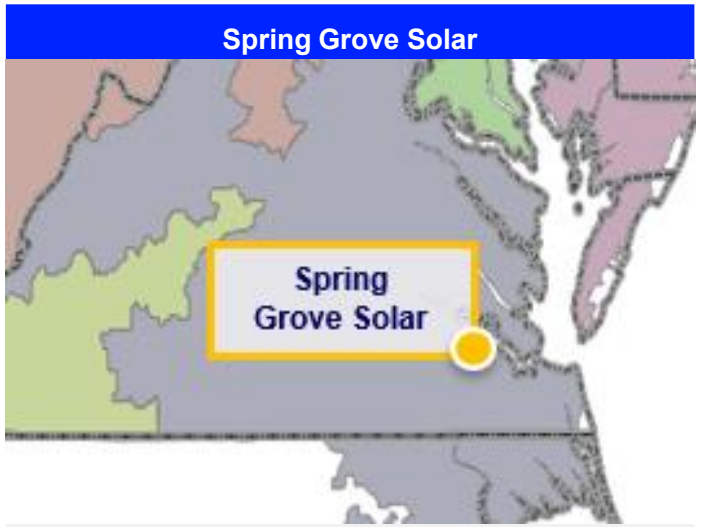

| Monitor | Contingency | Shift Factor* | Impact over WHUB |
|---|---|---|---|
| Nottingham 230kV SD | Conastone 500/230kV XF | 2% | 2% |
| Otter Creek – Yorkana 230kV | Conastone 500/230kV XF | 2% | 2% |

*Note: positive (+) shift factors represent sink-side nodes, while negative (-) shift factors represent source-side nodes.
// represents a parallel transmission line.

Source: WoodMac CongestionIQ; EIA

# Spring Grove Solar

## Background & Impacts




**Owner:** Urban Grid Solar

**Type:** Solar

**Nameplate Capacity:** 150.0 MW

**Zone:** DOM

**Status:** Under construction, less than or equal to 50 percent complete.

**Planned Operation month:** 9/2025

**Reference Node:** COLTRAIL34.5 KV

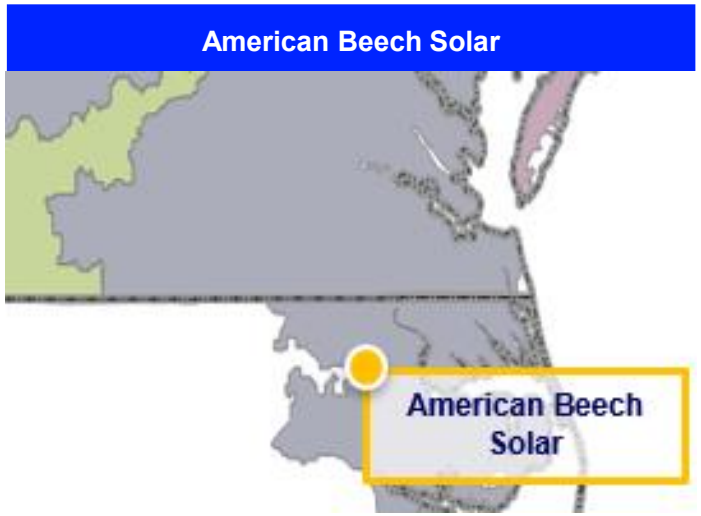

| Monitor | Contingency | Shift Factor* | Impact over WHUB |
|---|---|---|---|
| Nottingham 230kV SD | Conastone 500/230kV XF | 4% | 2% |
| Otter Creek – Yorkana 230kV | Conastone 500/230kV XF | 4% | 2% |
| Harrowgate – Locks 230kV | Carson – Midlothian 500kV | 4% | 1% |
| Chaparral Tap – Carson 230kV | Carson – Midlothian 500kV | 2% | 1% |
| Remington – Marsh Run 230kV | Remington – Remington CT 230kV | -2% | 0% |

*Note: positive (+) shift factors represent sink-side nodes, while negative (-) shift factors represent source-side nodes.
// represents a parallel transmission line.

Source: WoodMac CongestionIQ; EIA

# American Beech Solar

## Background & Impacts




**Owner:** MN8 Energy LLC

**Type:** Solar

**Nameplate Capacity:** 110.0 MW

**Zone:** DOM

**Status:** Under construction, more than 50 percent complete

**Planned Operation month:** 10/2025

**Reference Node:** DAWSONCR115 KV


| Monitor | Contingency | Shift Factor* | Impact over WHUB |
|---|---|---|---|
| Nottingham 230kV SD | Conastone 500/230kV XF | 3% | 2% |
| Otter Creek – Yorkana 230kV | Conastone 500/230kV XF | 3% | 2% |
| Harrowgate – Locks 230kV | Carson – Midlothian 500kV | -6% | 1% |
| Chaparral Tap – Carson 230kV | Carson – Midlothian 500kV | -7% | 1% |
| Remington – Marsh Run 230kV | Remington – Remington CT 230kV | -2% | 0% |

*Note: positive (+) shift factors represent sink-side nodes, while negative (-) shift factors represent source-side nodes.
// represents a parallel transmission line.

Source: WoodMac CongestionIQ; EIA

# Transmission

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# Historical Analysis: Ongoing Risk Assessment for the Top RT Constraints of Summer 2025

| Summer 2025 | Risk in September? | Risk in October? | Risk in November? | Commentary |
|---|---|---|---|---|
| Lenox – North Meshoppen 230kV | ✓ | ✓ | ✓ | NYISO exports, source-side generation from Panda Liberty and Lackawanna, paired with the outage at East Sayre - North Waverly caused this constraint to bind for the majority of Summer. RT risks extends into the Fall. |
| Pleasant View 500/230kV XF | ✗ | ✗ | ✗ | Strong DOM load exceeding 20GW, paired with outages in the data center valley particularly Idylwood – Clark, drove this constraint to bind strongly throughout Summer. RT risks subside as DOM load softens due to comfortable conditions in the South. |
| Goose Creek View 500/230kV XF | ✗ | ⇔ | ✗ | Strong DOM load exceeding 20GW, paired with outages in the data center valley, drove this constraint to bind strongly throughout Summer. RT risks subside as DOM load softens due to comfortable conditions in the South, however, outage on Doubs network may re-introduce risk |
| Dresden CT 138/1kV XF | ✗ | ✗ | ✗ | Strong ComEd load exceeding 17GW, combined with source-sink imbalances between thermal generation strength from Dresden, Jackson and Kendall County on the source, with wind IL wind generation on sink drove this constraint to bind aggressively throughout Summer. RT risks subside as ComEd load softens due to comfortable conditions in the West. |
| Beatty – Bolton 138kV | ✗ | ✗ | ✗ | Strong AEP load exceeding 17GW, paired with Hyatt 345/138kV XF outage increase pressure on Beatty – Cole, this constraint contingency drove this constraint to bind across June. No further RT risk is expected in Fall with the return of Hyatt XF. |
| Cool Springs – Milford 230kV | ⇔ | ✗ | ✗ | Strong DPL load exceeding 3 GW, an outage at Red Lion 500/230kV XF combined with sink-side weakness with the retirement of Indian River drove this constraint across Summer. RT risks extends into Fall with outages increasing pressure on the DPL network. |
| Beco - Paragon Park 230kV | ✗ | ✗ | ✗ | Strong DOM load exceeding 20GW, coupled with the Beaumede – BECO outage drove this constraint to bind strongly throughout Summer. RT risks subside with Beaumeade – BECO line in full service. |

✓ = High Risk ⇔ = Medium Risk ✗ = Low Risk

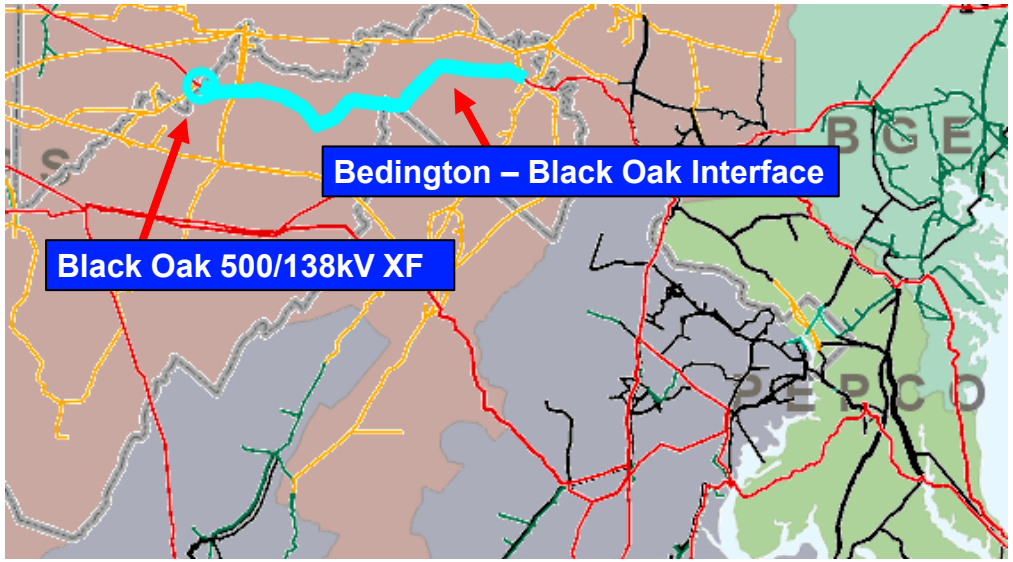
Source: WoodMac PowerIQ, WoodMac CongestionIQ

# Bedington – Black Oak Interface

## Drivers

- W-E flows into DOM drive this constraint to bind.
- On days where N-S flows aren't as likely due to Mid-A load levels, there is increased risk for this constraint to occur.

**Location**



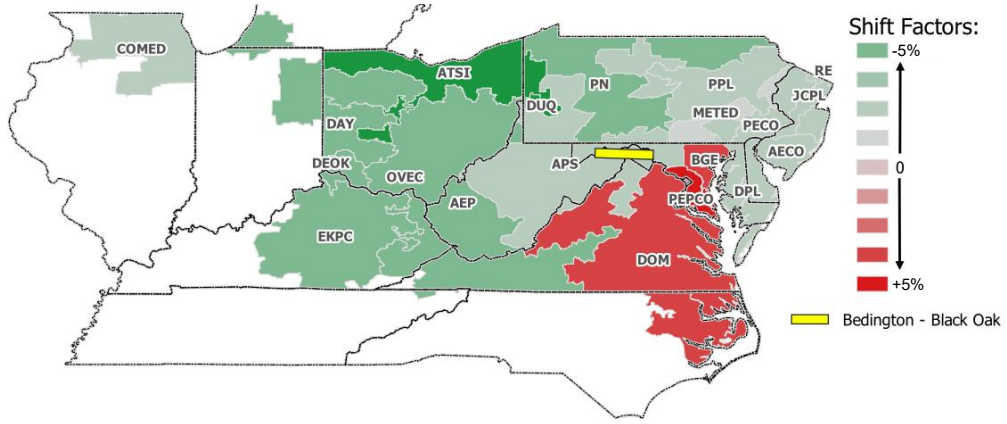

**Outages**

| Increases Risk | Duration | LODF |
|---|---|---|
| Black Oak 500/138kV | 9/12 – 12/8 | 44% |
| Conastone – Northwest 230kV | 10/30 – 12/19 | 3% |

**Hub Impacts**

| Increases Risk | LODF |
|---|---|
| WHUB | 1% |
| EHUB | 0% |
| ADHUB | -4% |
| NIHUB | -3% |

**Zonal Impacts**



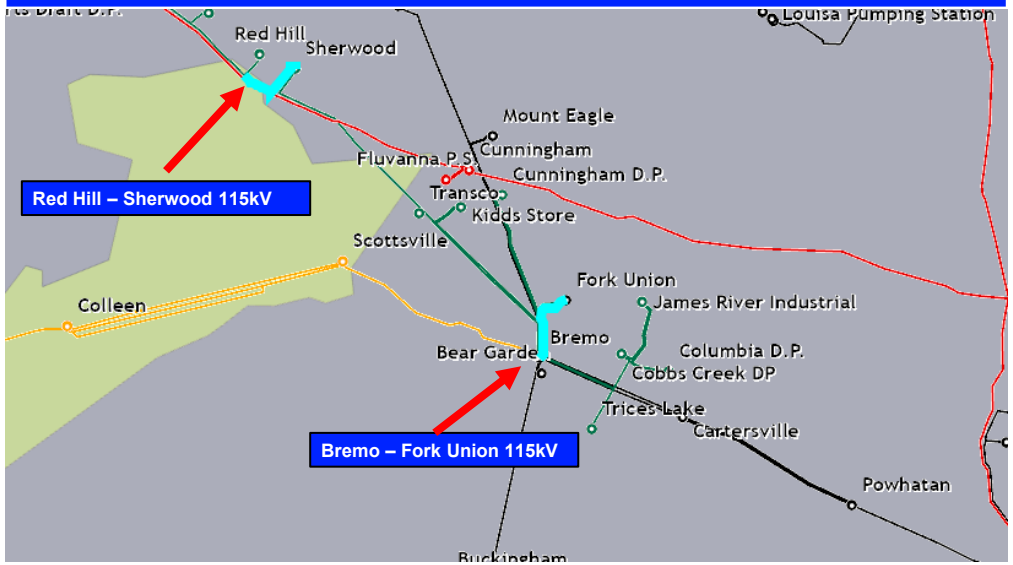

*Line Outage Distribution Factors ("LODFs"): LODFs are a sensitivity measure of how a change in a line's status affects the flows on other lines in the system. Line Insertion Distribution Factors ("LIDFs") measure a similar impact, but it's the net result of inserting the line rather than taking it out of service.

# Bremo – Fork Union 115kV

## Drivers

- DOM load, source-side thermal generation strength from Bear Garden and John H Kerr drives risk for this constraint over the morning when Bath County is pumping on the sink-side.
- The Red Hill – Sherwood 115kV outage will add further pressure over the majority of November.

### Location



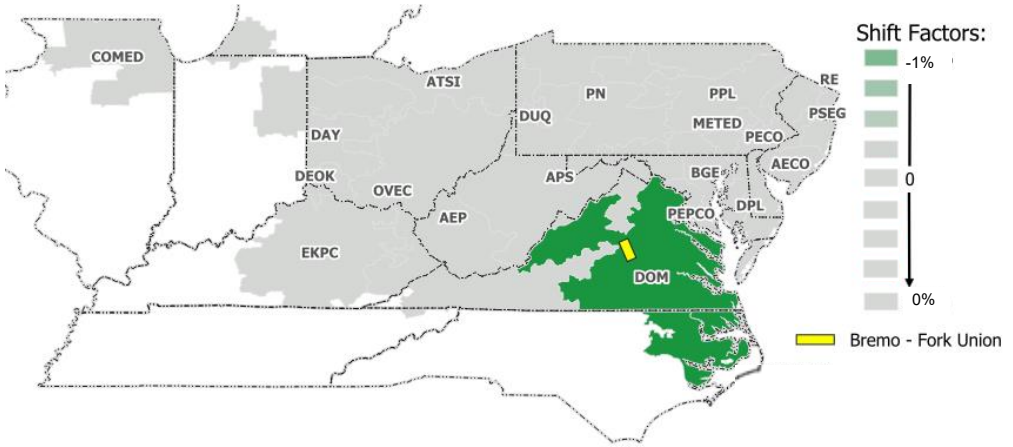

### Outages

| Increases Risk | Duration | LODF |
|---|---|---|
| Red Hill – Sherwood 115kV | 11/10 – 1/12 | 36.1% |

### Hub Impacts

| Increases Risk | LODF |
|---|---|
| N/A | |

### Zonal Impacts



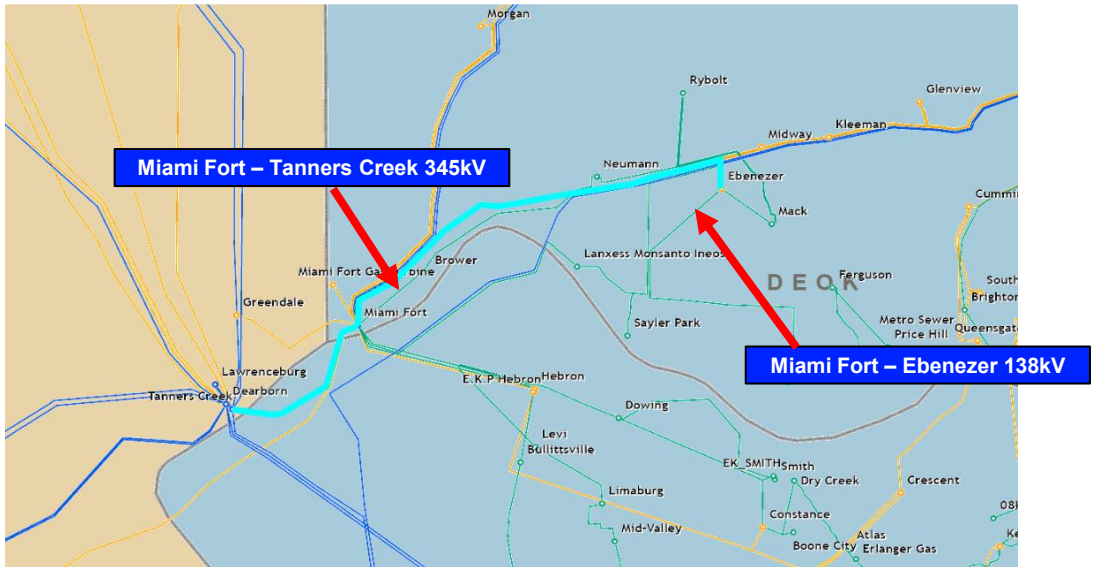

*Line Outage Distribution Factors ("LODFs"): LODFs are a sensitivity measure of how a change in a line's status affects the flows on other lines in the system. Line Insertion Distribution Factors ("LIDFs") measure a similar impact, but it's the net result of inserting the line rather than taking it out of service.

# Tanners Creek – Miami Fort 345kV

## Drivers

- Cincinnati load combined with Miami Fort running weak and the nearby outage at Miami Fort - Ebenezer adds pressure over Tanners Creek – Miami Fort 345kV.

## Location



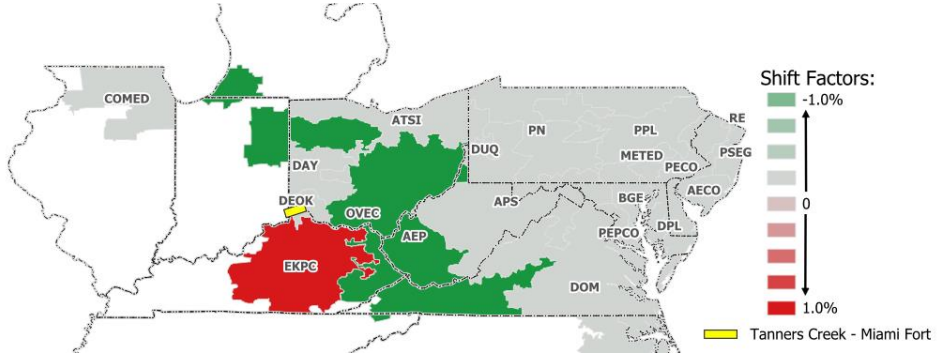

## Outages

| Increases Risk | Duration | LODF |
|---|---|---|
| Miami Fort – Ebenezer 138kV | 10/11 – 12/19 | 5.7% |

## Hub Impacts

| Increases Risk | LODF |
|---|---|
| NIHUB | -7% |

## Zonal Impacts



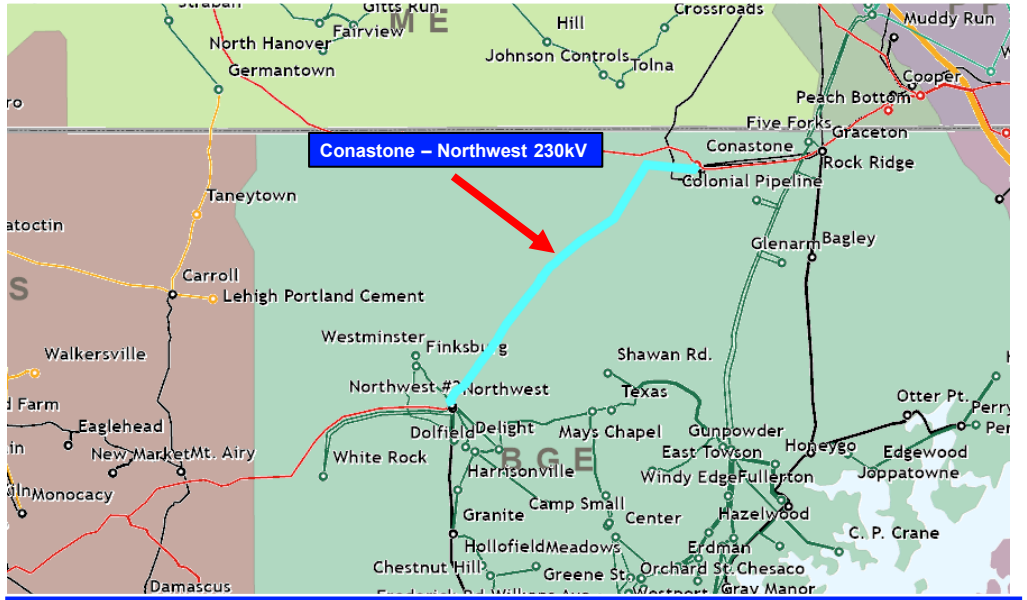

*Line Outage Distribution Factors ("LODFs"): LODFs are a sensitivity measure of how a change in a line's status affects the flows on other lines in the system. Line Insertion Distribution Factors ("LIDFs") measure a similar impact, but it's the net result of inserting the line rather than taking it out of service.

# Conastone – Northwest 230kV

## Drivers

- N-S flows driven DOM load strength paired with generation source-side imbalance between the Mid-A and South.
- Parallel outage will increase pressure across the Conastone network as well Conastone – Northwest.

**Location**



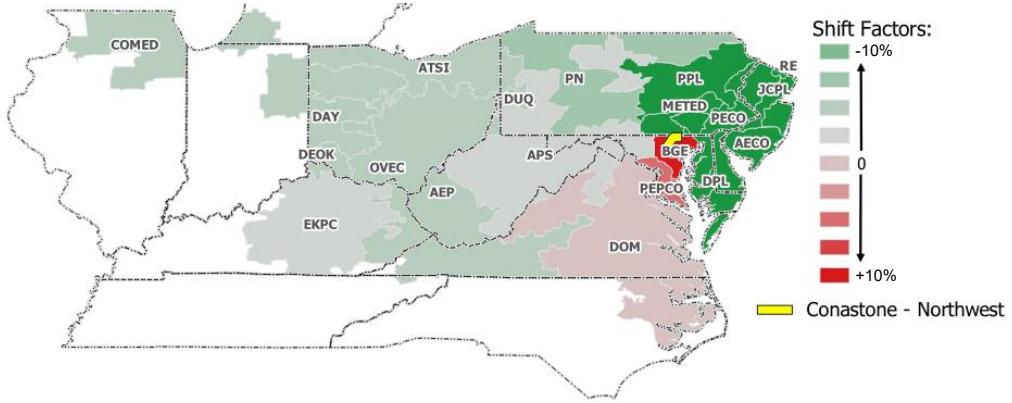

**Outages**

| Increases Risk | Duration | LODF |
|---|---|---|
| Conastone – Northwest 230kV | 10/30 – 12/19 | 33.2% |

**Hub Impacts**

| Increases Risk | LODF |
|---|---|
| WHUB | +2% |
| EHUB | -9% |
| ADHUB | +1% |
| NIHUB | +1% |

**Zonal Impacts**

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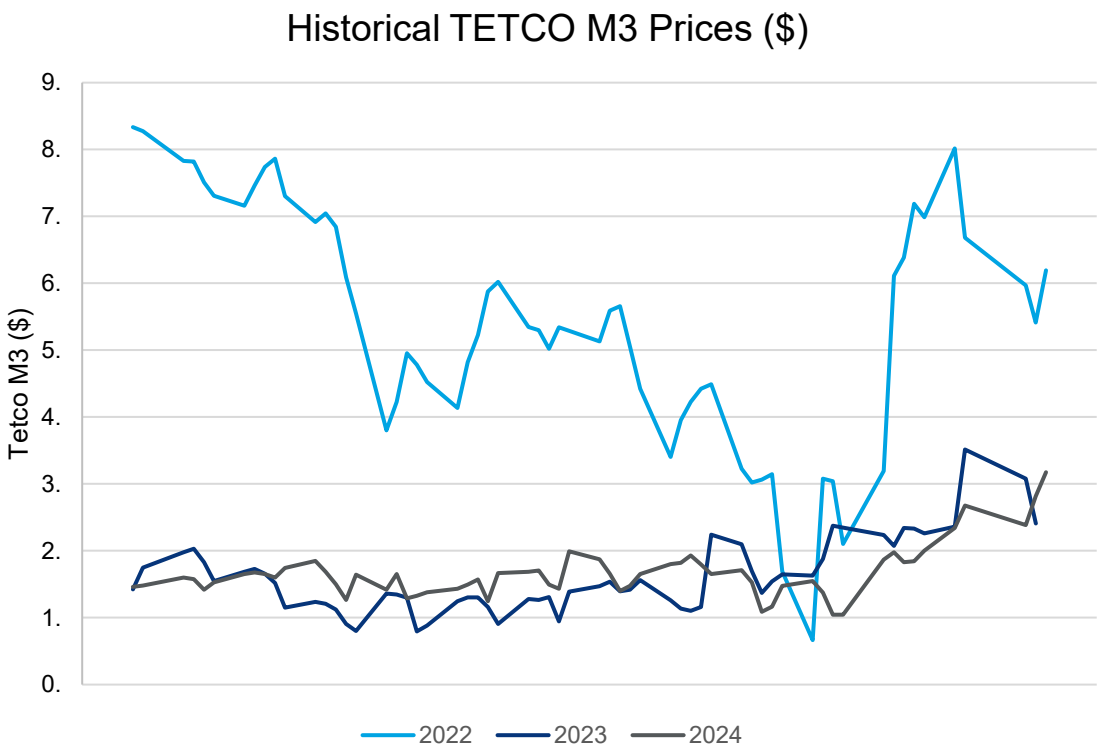
# Summer Fuel Update

# Natural Gas Price Trends

Futures Reflect Premium from Previous Cash Settles.

## Past M3 Settles (September – November)



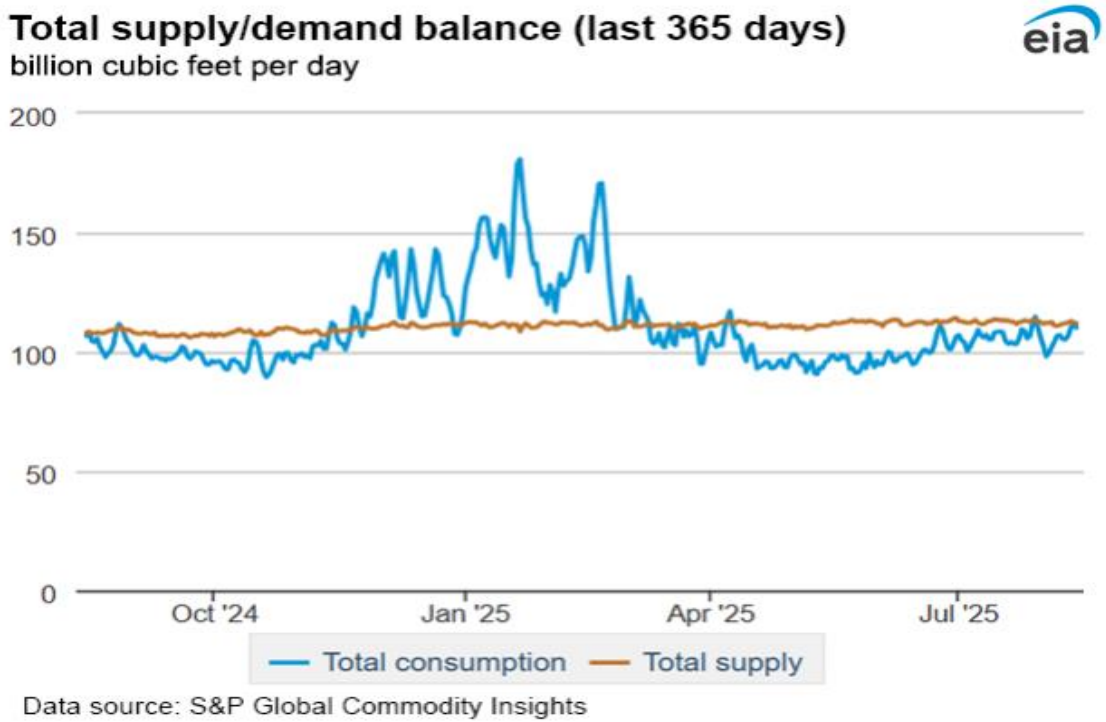

## Foreword Basis Prices

| Date | Henry Hub | Tetco M3 | Transco Z6 (Non-NY) | Transco Z5 | Eastern Gas-South (DOM) | Chicago Citygate |
|---|---|---|---|---|---|---|
| **2025-09** | 2.76 | 1.93 | 1.84 | 3.30 | 1.80 | 2.47 |
| **2025-10** | 2.86 | 1.85 | 1.75 | 3.26 | 1.70 | 2.48 |
| **2025-11** | 3.20 | 2.57 | 2.50 | 3.70 | 2.25 | 2.96 |

# Natural Gas

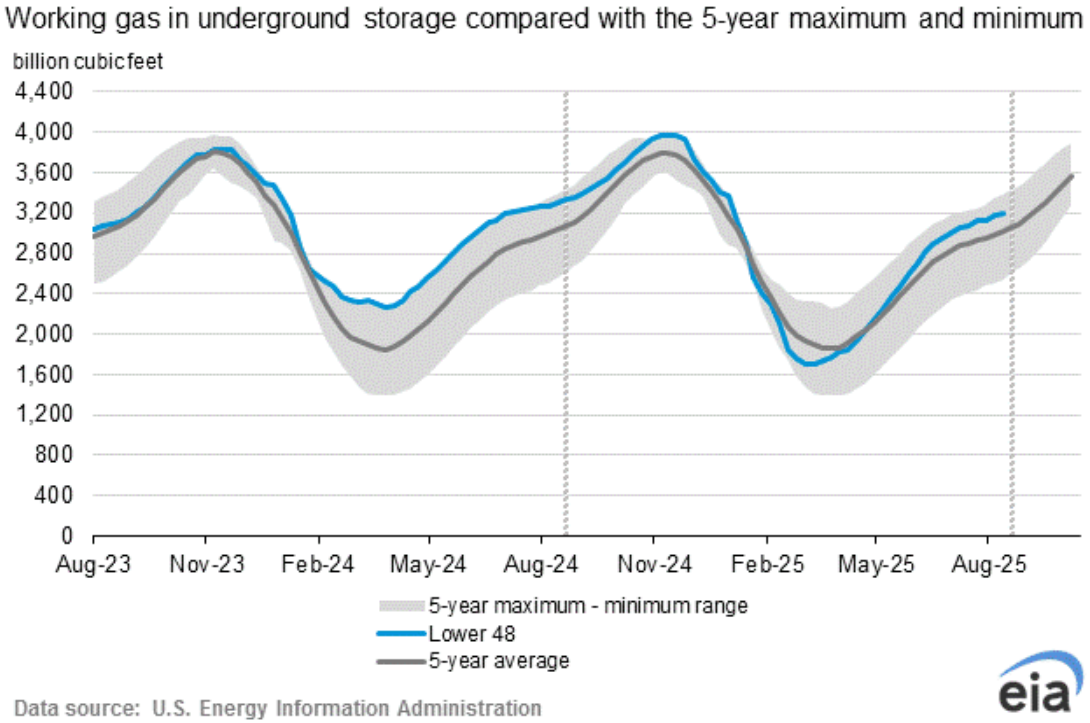
Natural Gas Markets Remain Calm Heading Into Fall.

## Supply/Demand Balance




Data source: S&P Global Commodity Insights

## Gas Storage

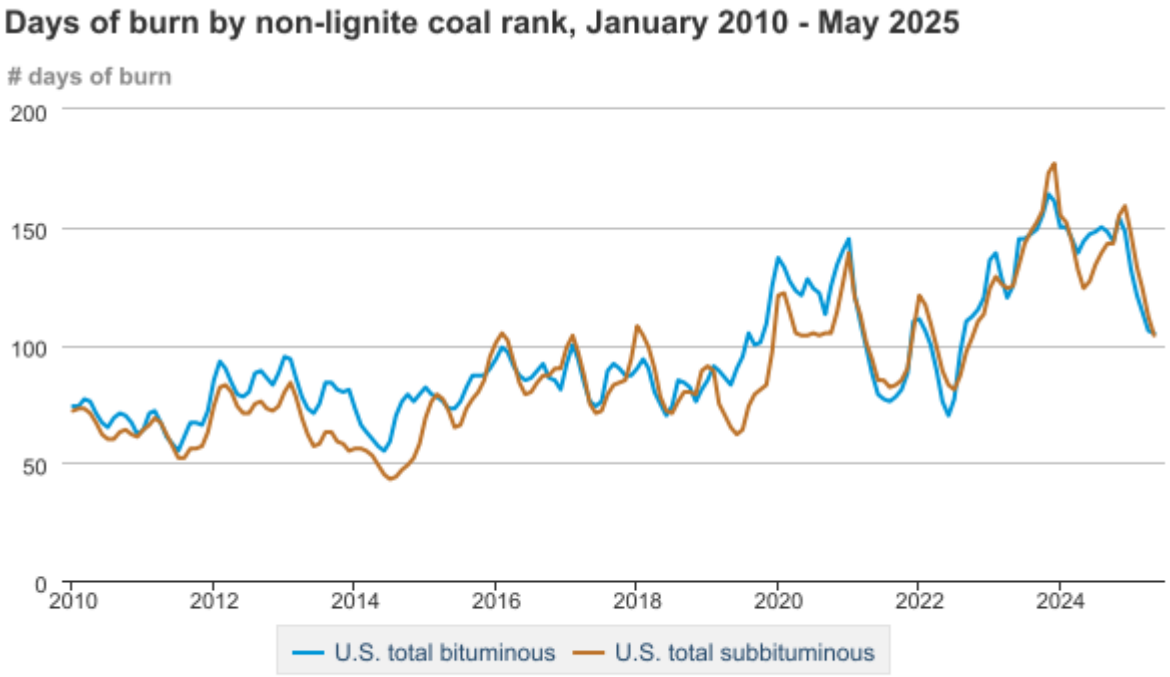



Data source: U.S. Energy Information Administration

# Coal

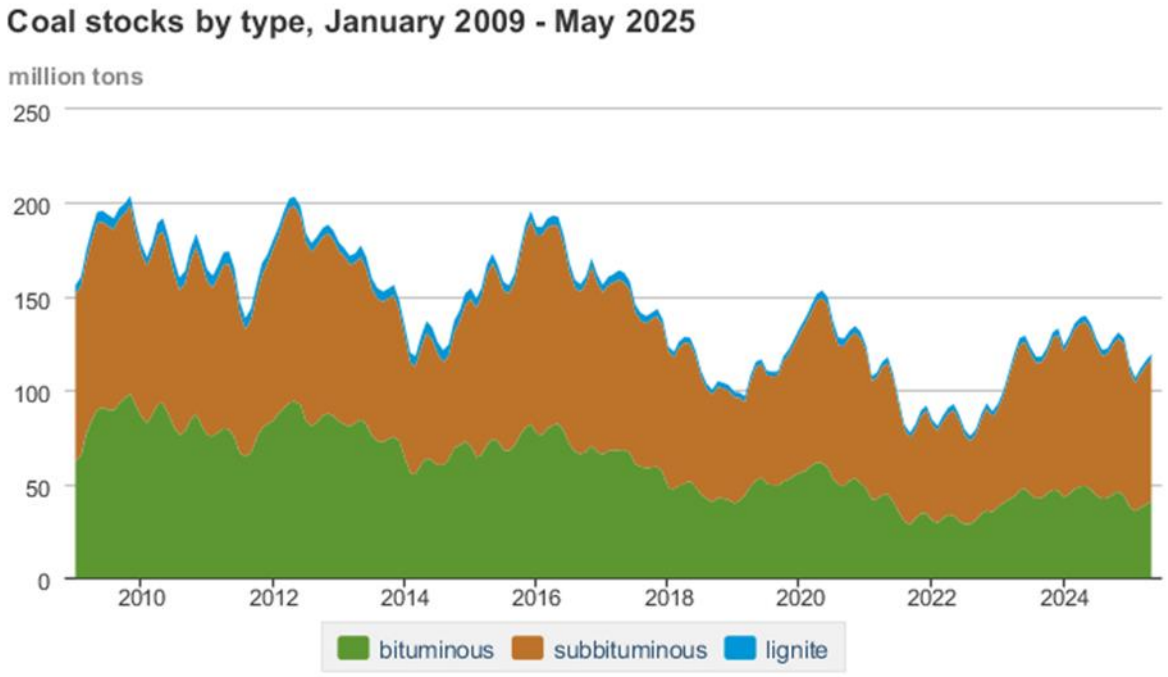
Coal Stockpiles Remain Healthy.

## Coal Burn




eia Data source: U.S. Energy Information Administration

## Coal Stockpiles




eia Data source: U.S. Energy Information Administration

# Raising The Roof: A Recap of the 2026/2027 PJM Capacity Auction

# Key Changes to the 2026/27 Auction

*In response to the 2025/26 Auction:*

01 Price Collar: Ceiling and Floor

02 Reliability Requirement Raised & ELCC Adjustments

03 Must-Offer Expanded

04 $0 Offer for RMR Units

05 Energy Efficiency Eliminated

# Key Changes to the 2026/27 Auction

01

## Price Collar

Sets a minimum ($177.24/ MW-day) and a maximum ($329.17/MW-day) clearing price.

02

## Reliability Requirement Raised

Increased Forecasted Peak Load, RTO Reliability Requirement and Installed Reserve Margin

| Reserve Requirement Parameters | 2025/2026 BRA | 2026/2027 BRA | Change in Value | Change in Percent |
|---|---|---|---|---|
| Installed Reserve Margin (IRM) | 17.80% | 19.10% | 1.30% | 7.3% |
| Reference Resource AUCAP Factor | 79.00% | 78.00% | -1.00% | -1.3% |
| Pool Wide Accredited UCAP Factor | 79.69% | 76.99% | -2.70% | -3.4% |
| Forecast Pool Requirement (FPR) | 0.9387 | 0.917 | -0.0217 | -2.3% |
| Forecast Peak Load (MW) | 153,883 | 159,329 | 5,446 | 3.5% |
| **PJM RTO Reliability Requirement (UCAP MW)** | **144,450** | **146,105** | **1,655** | **1.1%** |
| FRR Obligation (UCAP MW)* | 10,886 | 11,585 | 699 | 6.4% |
| PJM RTO Reliability Requirement adjusted for FRR (UCAP MW)* | 133,564 | 134,520 | 956 | 0.7% |

* - FRR Obligations for DY 2026/2027 were updated 7/25

Source: PJM BRA Results

# 2. Reliability Requirement Raised

**From Peak Load to Reliability Requirement (with ELCC)**

| Forecast Peak Load | + Installed Reserve Margin | Installed Capacity Target | Convert UCAP via FPR (0.917) | Reliability Requirement |
|---|---|---|---|---|
| 159,329MW | IRM = 19.1% | ~189,000MW | (Accounts for Outages + ELCC) | 146,105 MW (Pre-FRR) 134,520 MW (After FRRR) |

# Key Changes to the 2026/27 Auction

03

### Must-Offer Expanded

All Generation – Fossil Fuels and Renewables, Storage and Demand Response must participate in the auction.

04

### $0 Offers for RMR Units

Reliability Must-Run (RMR) units (Brandon Shores and Wagner) to bid $0 to avoid distorting clearing prices.

05

### Energy Efficiency (EE) Category Eliminated

EE projects no longer participate as a separate capacity product, shifting focus to deliverable resources during peak demand.

# Breaking Down PJM's 2026/2027 Capacity Auction

# Results

New price heights for almost all zones

## Settlements

- The entire system settled at the same price in this auction at **$329.17/MW-day**.
- 2026/2027 capacity auction pushed prices to **new heights** for almost all zones.
- This is a **decrease in price** for previously constrained zones **BGE and DOM**, which both cleared at over **$440/MW-day** in the 2025/2026 auction

## Drivers

- Price Cap/Floor
- Rising Demand
- Stagnant Interconnection Queue  > Tightening Supply


Source: PJM BRA Results

# Supply/Demand Dynamics

Tight margins between supply and demand

## Supply:

- The auction clearing margin was **just 139 MW above** reliability requirements.
- **17 units withdrew** retirement plans, and **only 816 MW** – Unforced Capacity (UCAP) – of generation capacity offered into the market **did not clear**.
- **Gas-fired** capacity offered into the 2026/2027 BRA **declined** by almost **3 GW**, or about 4.5%.
- Of the new capacity offered into the market, uprates and reactivations were equivalent to new generation capacity, about 1.5 GW each. Meanwhile, peak **load increased** by **5.4 GW**, driven by data centers and electrification.

Offered and Cleared UCAP

| | 2023/24 | | 2024/25 | | 2025/26 (Reflects ELCC Accreditation) | | 2026/27 (Reflects ELCC Accreditation) | | 2026/27 - 2025/26 Change | |
|---|---|---|---|---|---|---|---|---|---|---|
| Type | Offered | Cleared | Offered | Cleared | Offered | Cleared | Offered | Cleared | Offered | Cleared |
| Coal | 37,164 | 31,811 | 35,114 | 31,532 | 30,081 | 30,081 | 30,948 | 30,948 | 867 | 867 |
| Distillate Oil (No.2) | 2,894 | 2,855 | 2,776 | 2,674 | 2,408 | 2,408 | 2,608 | 2,608 | 201 | 201 |
| Gas | 85,217 | 81,643 | 85,469 | 83,258 | 66,354 | 66,354 | 63,377 | 63,377 | (2,977) | (2,977) |
| Nuclear | 31,960 | 31,960 | 31,835 | 31,629 | 30,549 | 30,549 | 30,562 | 30,562 | 13 | 13 |
| Oil | 2,350 | 2,269 | 2,493 | 2,220 | 578 | 578 | 1,155 | 1,155 | 578 | 578 |
| Solar | 2,945 | 2,935 | 4,234 | 4,232 | 1,337 | 1,337 | 1,584 | 1,567 | 247 | 230 |
| Water | 6,375 | 6,375 | 6,137 | 6,137 | 5,365 | 5,361 | 5,597 | 5,597 | 233 | 236 |
| Wind | 1,608 | 1,416 | 1,396 | 1,396 | 2,618 | 1,676 | 4,507 | 3,717 | 1,888 | 2,041 |
| Battery/Hybrid | 16 | 16 | 36 | 36 | 14 | 14 | 35 | 35 | 20 | 20 |
| Other | 1,185 | 1,185 | 1,153 | 1,153 | 911 | 911 | 899 | 899 | (11) | (11) |
| Demand Response | 10,652 | 8,631 | 10,334 | 8,180 | 6,363 | 6,342 | 5,795 | 5,795 | (568) | (547) |
| Aggregate Resource | 511 | 511 | 503 | 503 | 327 | 273 | 58 | 49 | (269) | (224) |
| **Total (without EE)** | **182,875** | **171,605** | **181,481** | **172,951** | **146,905** | **145,883** | **147,125** | **146,309** | **220** | **426** |
| Energy Efficiency | 5,471 | 5,471 | 8,417 | 7,669 | 1,460 | 1,460 | - | - | NA | NA |

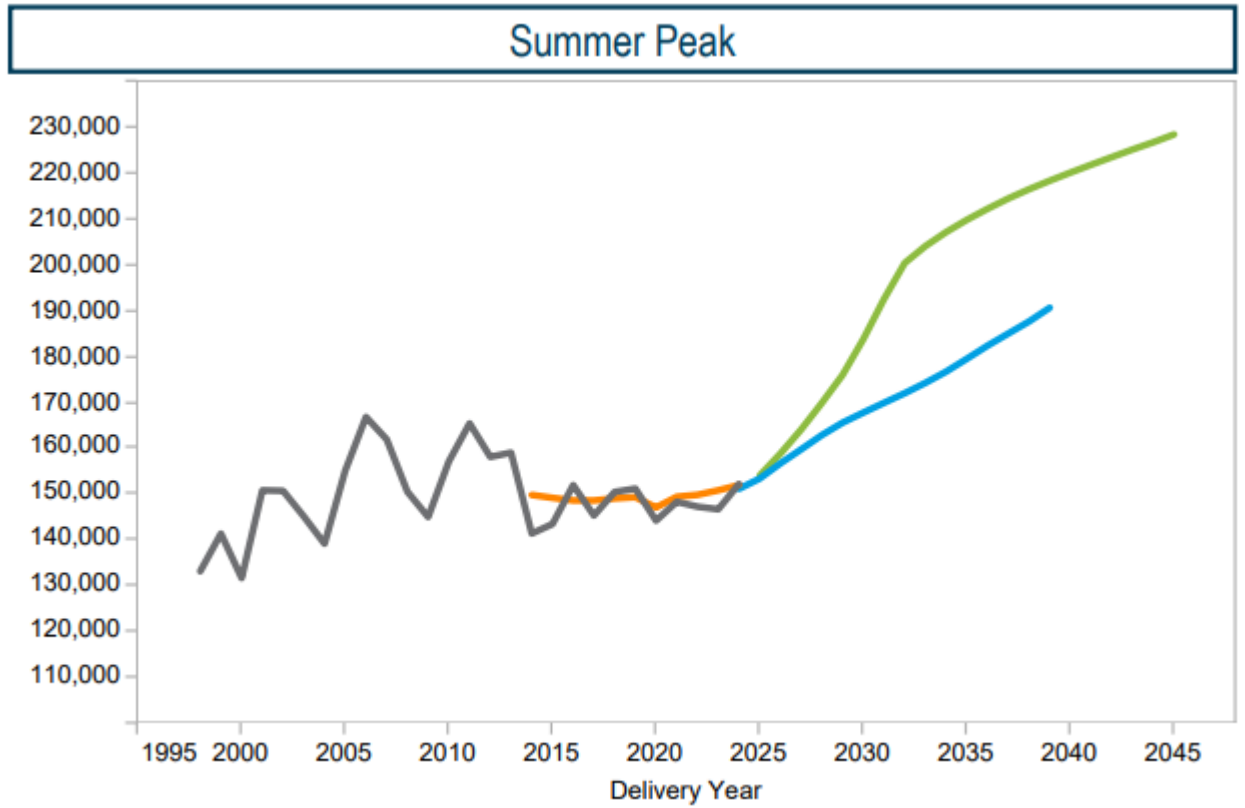
Source: PJM BRA Results

# Supply/Demand Dynamics

Impact of load growth not as strong as expected

## Demand:

- The impact of load growth was muted for this year's auctions, but this may not be the case going forward.
- Peak load for the 2026/2027 DY grew by about 5.4 GW (or 3.5%) but the reliability requirement for this year's auctions, after adjustments, was only about 1 GW (or 0.7%) higher.
- If the peak load grows as PJM forecasts, there will be larger increments in reliability requirements for future auctions. Supply/demand balances will remain very tight for the near term.



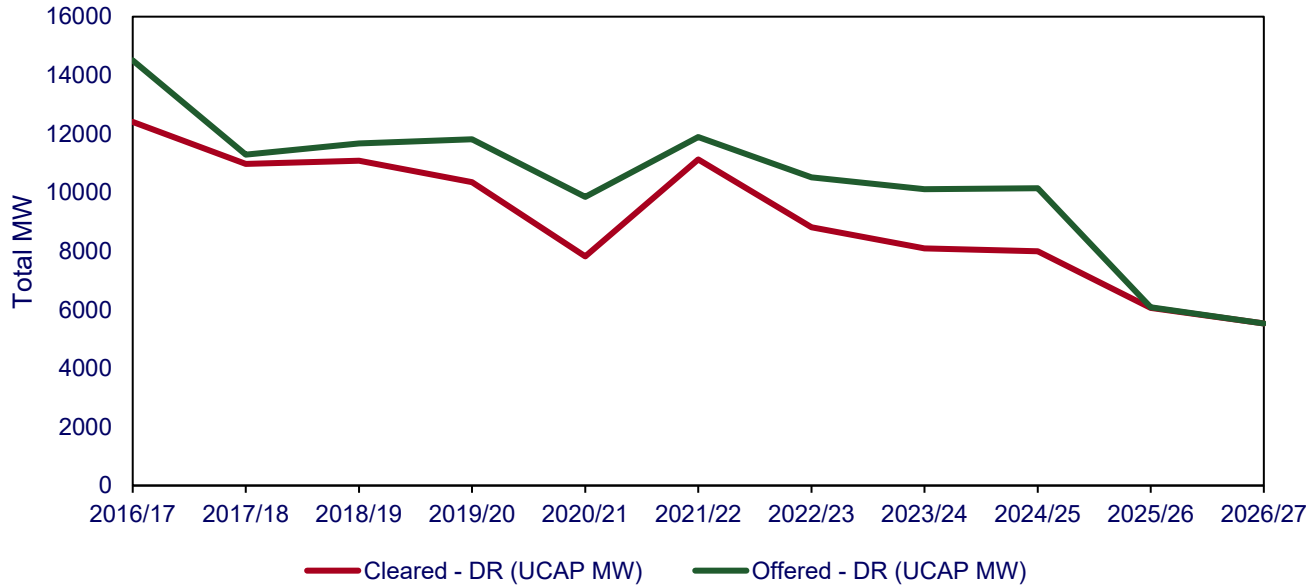

Source: PJM BRA Results

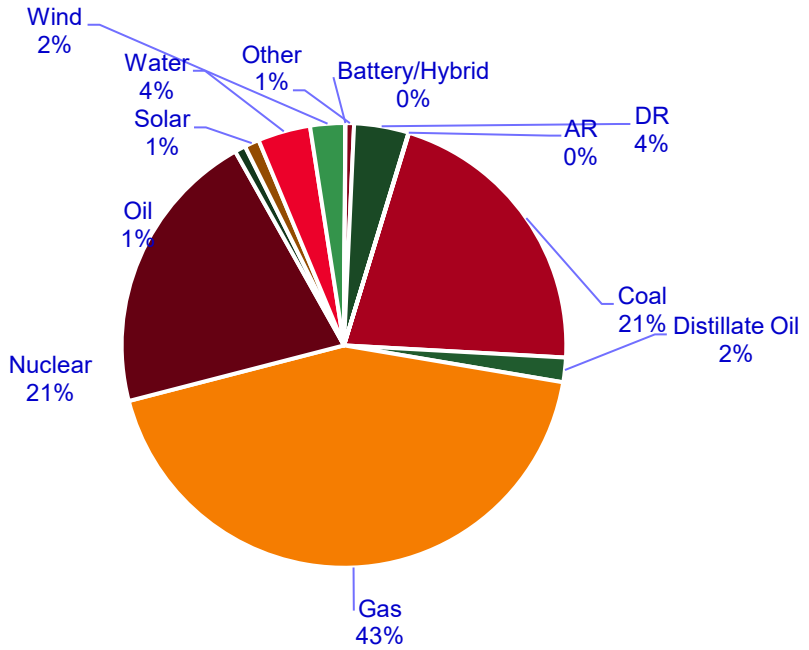
# Demand Response

## Lack of Demand Response participation contributing to the new price

- Demand response participation declined further compared to previous years.
- Despite the huge jump in clearing prices in last year's auctions, demand response participation did not increase noticeably. The offered capacity in UCAP terms decreased by 534 MW because of lower accreditation.
- What's notable is that **100% of those demand response resources cleared**, underscoring their growing importance and reliability as a grid resource.

**Demand Response Capacity Offered and Cleared by Delivery Year**




| Cleared UCAP | 2026/2027 |
|---|---|
| Coal | 30,948 |
| Distillate Oil | 2,608 |
| Gas | 63,377 |
| Nuclear | 30,562 |
| Oil | 1,155 |
| Solar | 1,567 |
| Water | 5,597 |
| Wind | 3,717 |
| Battery/Hybrid | 35 |
| Other | 899 |
| DR | 5,795 |
| AR | 49 |
| Total (w/o EE) | 146,309 |

Source: PJM BRA Results

# Ramifications

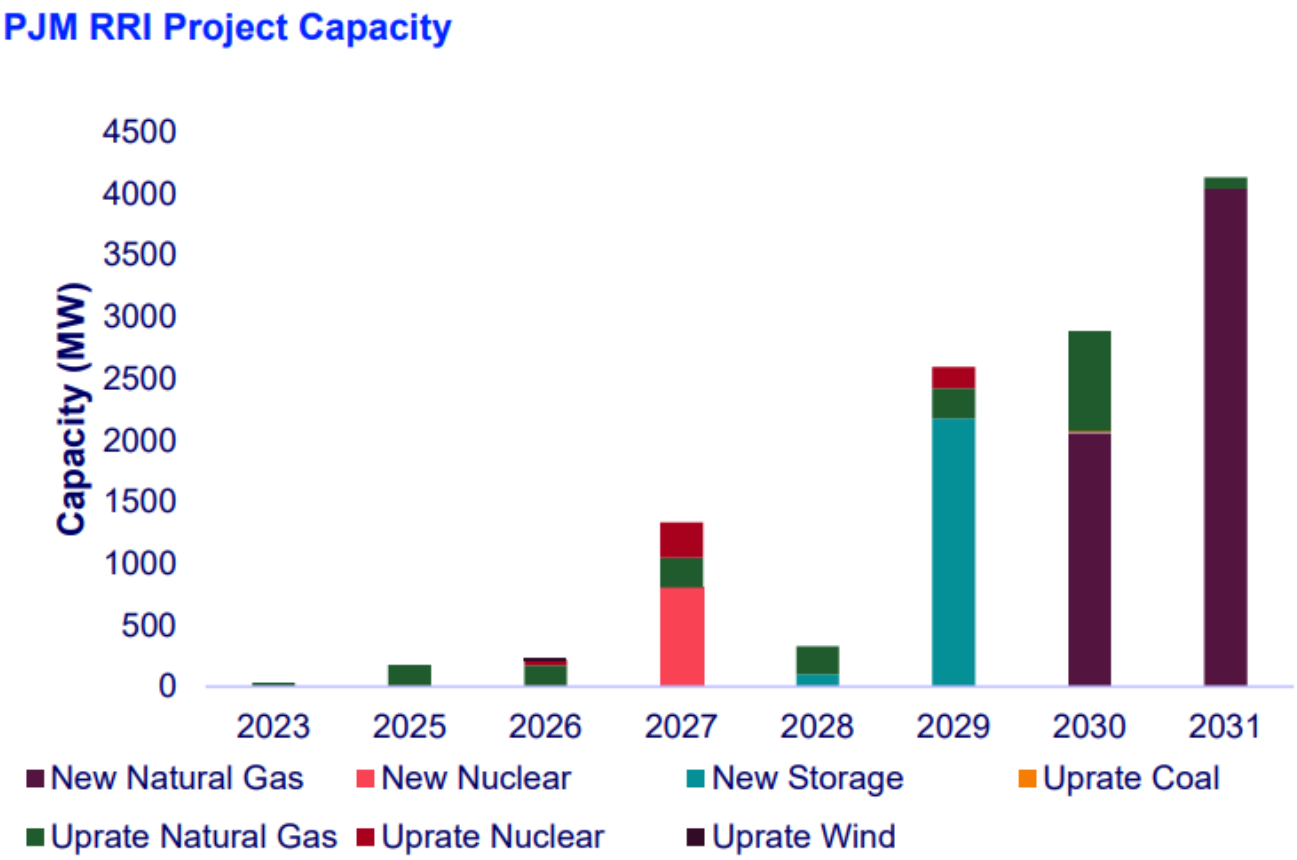
## Tight market conditions to persist for the coming DYs

**Main Drivers:**

- Two additional auctions will still include current RMR units in the supply stack
- Most of the larger projects awarded through the Reliability Resource Initiative (RRI) not anticipated to come online for several years

**Future Impacts:**

- Ordering of retirement deferrals
- ELCC methodology revisions
- Plausible massive swings in prices for the next auctions
- Whether this higher priced auction prompt another political pressure?




Source: PJM BRA Results

# Summary

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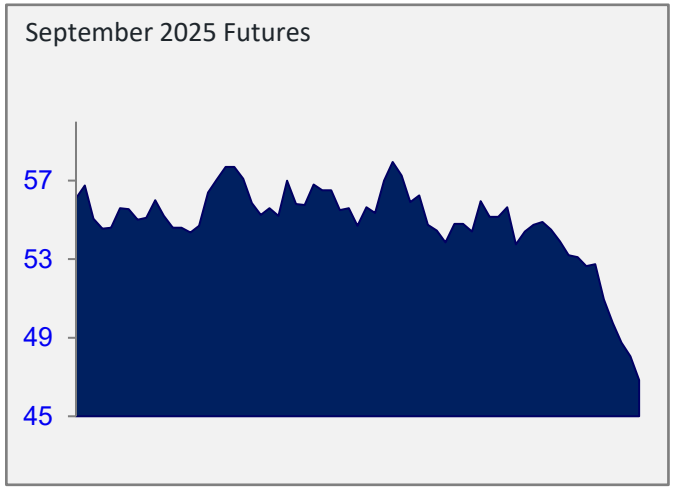
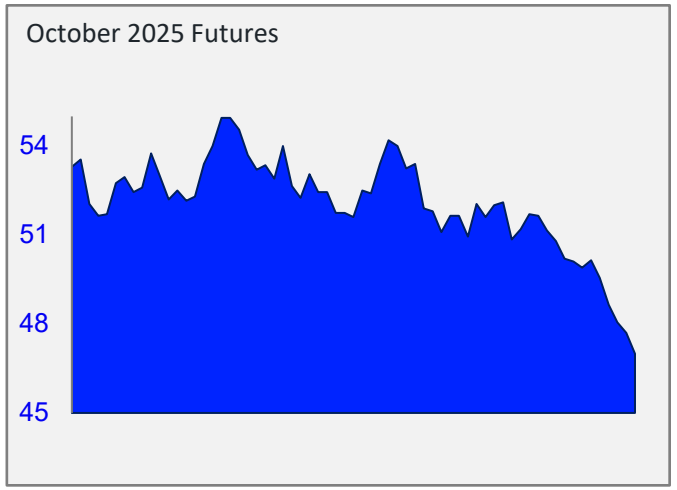
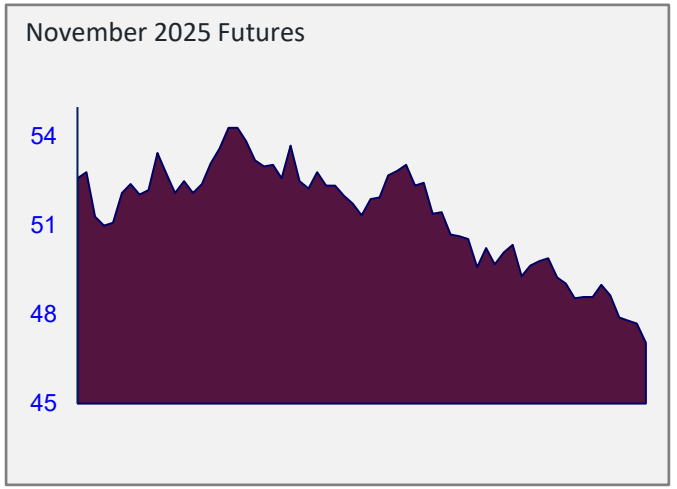
# Cooler conditions will drive softer demand and temper risks.

## Softer demand will help contain prices, though congestion and lingering generation risks will continue to apply upward pressure.




**September Recommendation: BUY**

| | WHUB On-Peak RT |
|---|---|
| Demand | Bearish |
| Generation | Bullish |
| Congestion | Bullish |

**October Recommendation: BUY**

| | WHUB On-Peak RT |
|---|---|
| Demand | Neutral |
| Generation | Bullish |
| Congestion | Bullish |

**November Recommendation: BUY**

| | WHUB On-Peak RT |
|---|---|
| Demand | Bearish |
| Generation | Bullish |
| Congestion | Bullish |

Wood Mackenzie

Source: ICE

# Q&A

Wood Mackenzie

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