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Congress of the United States
House of Representatives
Washington, DC 20515

April 24, 2025

Mr. Manu Asthana
President and CEO
PJM Interconnection
PO Box 1525
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Dear Mr. Asthana:

I am writing to follow up on your testimony before a Subcommittee on Energy hearing entitled "Keeping the Lights On: Examining the State of Regional Grid Reliability."

During the hearing, I asked you if it was "fair that families around the region are seeing their bills spike," to which you responded with a non sequitur about New Jersey's state energy policies.[1] But the reality is that New Jersey does not have a state-specific issue, rather that PJM has a region-wide issue. In the most recent capacity auction, PJM-wide capacity prices skyrocketed from $28.92 per megawatt-day to $269.92 per megawatt-day – an increase of more than 800 percent.[2] This increase will be paid for by families across the entire PJM region, including families in my district.

A number of drivers are behind the increase in capacity prices, and I am worried about all of them. However, I am extraordinarily worried that PJM's independent market monitor concluded in its review of the auction that "the results of the 2025/2026 RPM Base Residual Auction were significantly affected by flawed market design decisions…"[3]

Much of the supply that vanished from PJM's capacity market only reflected "on-paper" changes, rather than physical realities. PJM's market monitor found that PJM's transition to new capacity accreditation values for generation resources was responsible for nearly half of the price increase in the capacity auction.[4] As then-FERC Commissioner Allison Clements commented in the order accepting PJM's change, "Over a decade's worth of extreme weather experience, along with other historical operational data, have made plain that the traditional model of procuring capacity… is outmoded."[5] This change in capacity accreditation methodology was vital, but long overdue, and my constituents are now facing an even-higher price increase this year than they would have otherwise had PJM not waited so long to recognize that certain electricity generators, including natural gas generators, are not as reliable as it had assumed. PJM must recognize that these changes to its assumptions are not merely abstract; they have a real impact on real people's lives.

Additionally, with so many price pressures outside of PJM's control, PJM must do everything *within* its control to reform its procedures to allow developers to get generation capacity online as quickly as possible. It has failed at handling the factors within its control to the best of its ability. A study last year gave PJM the lowest grade of all the regional transmission operators for its interconnection procedures and outcomes – a "D-" for its ability to connect power to the grid.[6] Moreover, the study gave PJM an "F" for its interconnection study process design and its study assumptions, criteria, and replicability,[7] and quoted an interconnection customer who complained that PJM had "no regard for reasonableness and decorum when it comes to communicating deadlines."[8] Concerningly, this study was issued more than a year after FERC accepted the PJM interconnection reforms you touted at the hearing. I am worried that PJM's efforts have simply not been enough.

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[1] House Committee on Energy and Commerce, *Keeping the Lights On: Examining the State of Regional Grid Reliability*, 119th Cong. (2025).
[2] PJM Interconnection, *2025/2026 Base Residual Auction Report* (Jul. 30, 2024).
[3] Monitoring Analytics, *Analysis of the 2025/2026 RPM Base Residual Auction Part A*, at 4 (Sep. 20, 2025).
[4] *Id*, at 1.
[5] Commissioner Alison Clements, *Concurring in Part and Dissenting in Part*, 186 FERC ¶ 61,080, at PP 1 (Jan. 30, 2024)
[6] Advanced Energy United, *PJM's Interconnection Process Evaluation* (Feb. 2024).
[7] *Id.*
[8] John D. Wilson et al., *Generator Interconnection Scorecard*, at 30 (Feb. 2024).

Again, the harm rendered on my constituents by PJM's delay are not hypothetical. A recent analysis of last year's auction found that PJM could have saved consumers as much as $7 billion – over half the total price increase from the auction – if it had implemented interconnection and transmission planning reforms years ago.[9] PJM's lack of action is directly harming families and businesses in my district and across New Jersey.

As you plan to exit PJM at the end of the year, I want to note that I appreciate the reforms that PJM has proposed for its forthcoming capacity auction for the 2026-27 delivery year, and that you have worked closely with state stakeholders to craft those reforms. I intend to work with your successor to continue to press for changes to PJM's processes. But even if the reforms succeed, they will be too little, too late for my constituents – who will be stuck paying the costs for this most recent auction for the next three years and will feel the hole these price increases leave in their bank accounts for years to come.

Sincerely,

FRANK PALLONE, JR.
Member of Congress

[9] Sophie Meyer and Rob Gramlich, *Penny-wise and Pound Foolish: PJM's Capacity Auction Demonstrates the Cost Imperative of Simplified and Speedy Interconnection* (Feb. 2025).