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PJM Capacity Price 2026 Planning Year Auction Results and its effect on your Electric Budget

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What is the PJM ?

- **PJM Interconnection (PJM ISO)** is a **regional transmission organization (RTO)** and **independent system operator (ISO)** responsible for coordinating the movement of wholesale electricity in all or parts of **13 states and the District of Columbia** in the United States. It ensures a reliable supply of electricity while maintaining competitive wholesale electricity markets.

  - An **Independent System Operator (ISO)** is a **non-profit organization** responsible for coordinating, controlling, and monitoring the **operation of an electric power grid** in a specific region.

  - A **Regional Transmission Organization (RTO)** is a federally regulated, **independent entity** responsible for managing the **high-voltage electricity transmission system** over a large geographic area. RTOs ensure **grid reliability**, operate **wholesale electricity markets**, and coordinate **regional power generation and transmission** to maintain a stable and efficient electricity supply.

What is the Role of the PJM

- Assures Grid Reliability
  - Balances real time electric supply demand
  - Prevents blackouts overseeing grid operations
- Wholesale Markets
  - Operates energy markets allowing utilities and suppliers to buy and sell electricity
  - ***Conducts Capacity Market Auctions to secure future Generation Resources – Today's Topic***
- Transmission Planning
  - Oversees long-term infrastructure planning to ensure reliability
  - Works with transmission owners to upgrade and expand system as needed.
- Facilitates Competition
  - Ensures fair market rules and encourages investment in power plants

PJM Market

States in the PJM

- Delaware
- Illinois
- Indiana
- Kentucky
- Maryland
- Michigan
- New Jersey
- North Carolina
- Ohio
- Pennsylvania
- Tennessee
- Virginia
- West Virginia
- Washington, D.C.

Importance of the PJM

- Serves over 65 million people
- Largest grid operator in North America.
- Promotes cost-effective energy pricing through market-based competition
- Supports Generation Development

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What Happened in July 2025

- *In July 2025, the PJM Capacity Price Auction resulted in a a 22% increase in the cost of Capacity to $329/MW-day beginning in June 2026 to May 2027*

- ***The result is the 2026 planning year PJM Auction cleared at a record price of $329 / MW-day an increase of $61 MW-day over last years auction price spike of 933%.***

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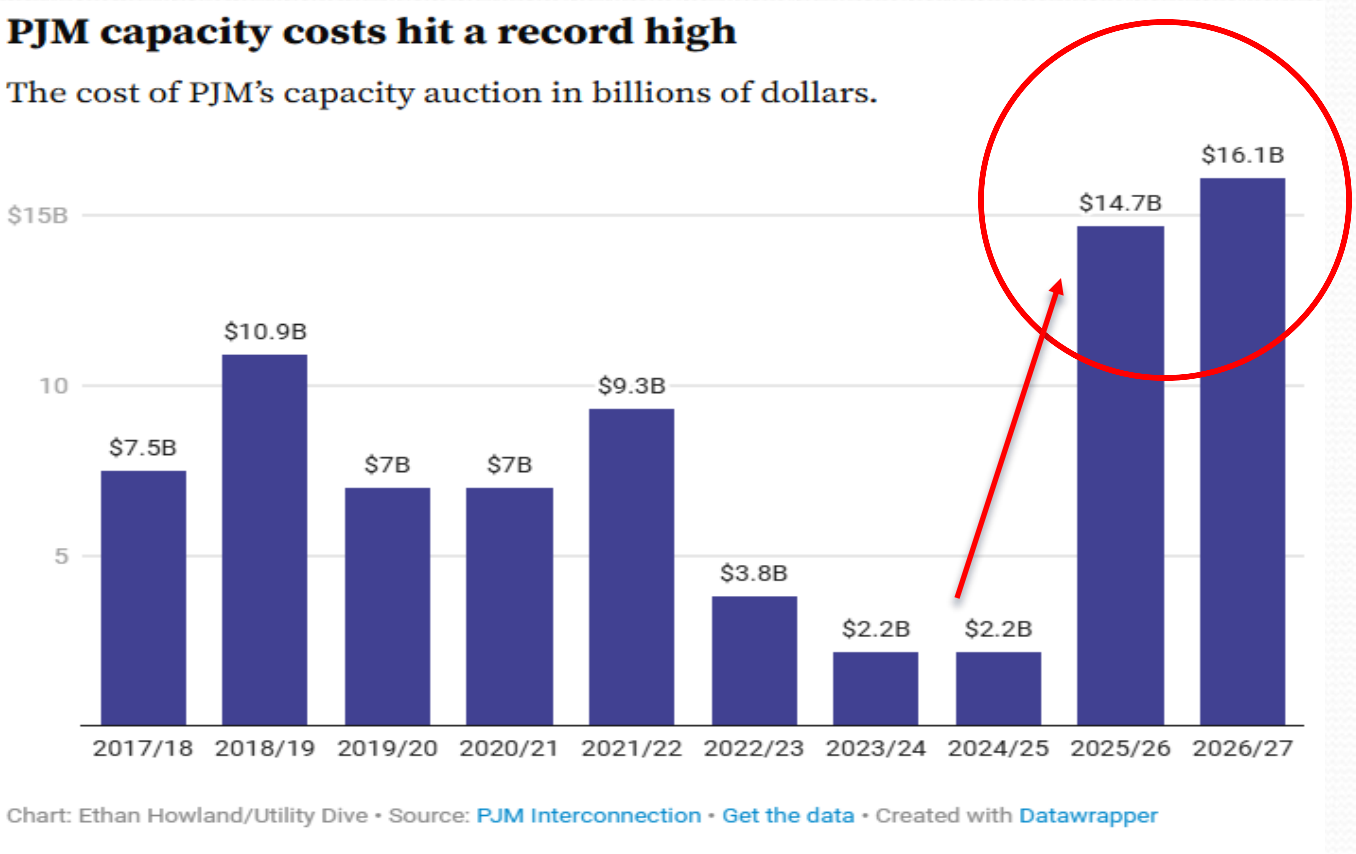
PJM Capacity Cost Record Price



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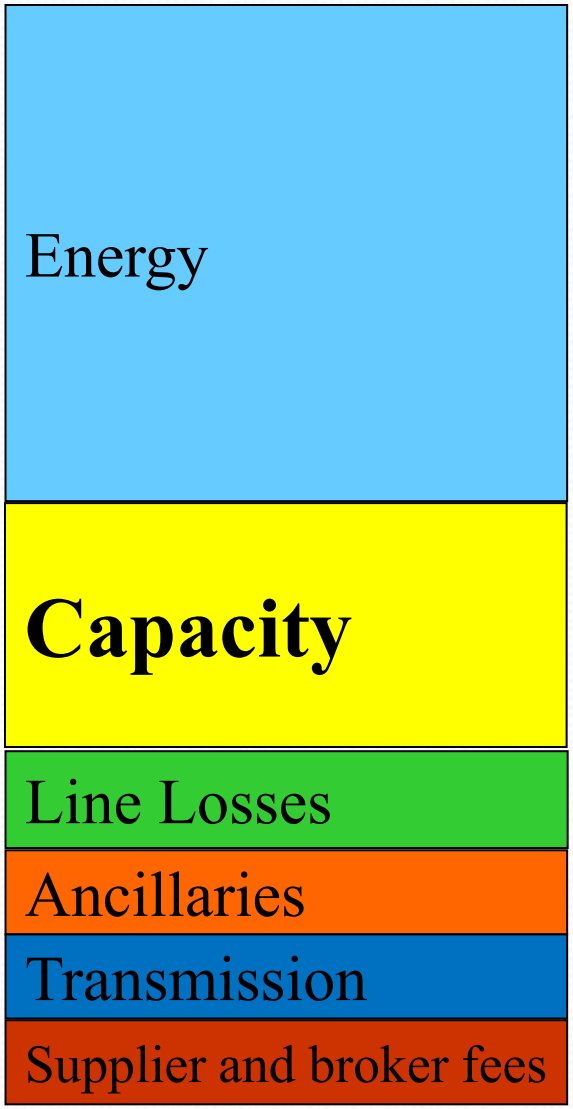
2026 Post-Auction Electricity Costs in Retail Contract



EXAMPLE

→ 40% to 55% (still remains largest focus)

→ **20% to 25% (Load Factor Specific Needs Focus)**

→ 2% to 8%

→ 2% to 3%

→ 2% to 5%

→ 2% to 5%

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What Drove the Price Spike

- This spike is attributed to ***persistent supply tightness***, with new generation capacity ***unlikely to alleviate the shortfall in a timely manor.***
  - ***Closure of coal-fired power plants***
  - ***Expansion of data centers and AI computing demand***
  - ***The Spike – REMEMBER In Ohio the 2024 PJM Auction cleared at $28.92 per MW-day, in 2025 it cleared at $269 per WM-day what is in this year's price, and next years price is now $329 per MW-day. The trend is UP.***

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AI and Data Center Demand

Global and Domestic

- Goldman Sachs Research forecasts ***Global*** ***power demand from data centers will increase 50% by 2027 and by as much as 165% by the end of the decade compared to 2023.***
- According to McKinsey analysis, the ***United States*** ***is expected to be the fastest-growing market for data centers, growing from 25 GW of demand in 2024 to more than 80 GW of demand in 2030.***
- ***Data Centers consume 600 MW to 1,000 MW equal to that of a Natural Gas Fired Generator!***

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President and Founder

Over the past 35 years, John J. Verdile, President and Founder of XpenseSolutions, has partnered with clients to develop energy programs that address price, operational and process efficiency goals. Mr. Verdile has been involved in managing energy programs that range in size from less than $1 million dollars to over $125 million dollars in annual energy spend. As Director of Energy Consulting for the one of the nation's largest integrated energy companies, he was responsible for managing an $800 million energy management portfolio. Mr. Verdile has developed demand side energy efficiency programs that range in size from $100,000 to $15 million per project.

Support Staff

- **Certified Energy Managers (CEM)** – Certified by the Association of Energy Engineers - A Certified Energy Manager is an individual who optimizes the energy performance of a facility, building or industrial plant.
- **Principal Engineers (PE) -** A principal engineer is a trained and educated engineer that is in charge of the implementation of projects given by a company.
- **Contract and Energy Bill Auditors** – Experts in review and analysis of energy supply and distribution contracts and billing rates.

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If you have any questions, feel free to contact:

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