



GOVERNOR JOSH SHAPIRO

January 30, 2026

Response to PJM's Request for Feedback on Extending the Price Collar to Save Consumers Money

On behalf of more than 13 million consumers across the Commonwealth of Pennsylvania, Governor Josh Shapiro emphatically supports a two-year extension of the current price collar that has proven a spectacular success in limiting cost increases in PJM's last two capacity auctions. Without the price collar, customers would have paid over \$18.2 billion more, but received essentially the same number of committed megawatts—an unfair and bad bargain for consumers.

All 13 PJM governors and the White House agree that PJM must act to avoid that unacceptable outcome for the 67 million people that PJM serves.

While Pennsylvania is eager for a return to market fundamentals where price controls are no longer needed, the lack of progress in solving the underlying problems facing PJM's markets over the last year makes removal of the price collar impossible at this juncture.

The structural issues that threaten PJM's capacity construct are not simply a matter of price—increasing or decreasing the amount of money offered in a single capacity auction year is simply not sufficient, at any level currently envisioned, to induce sufficient new entry to return our region to stable reliability. The price collar is aiding, not harming, the markets, by buying additional time to solve these underlying issues without unduly harming consumers.

That is why all 13 PJM governors and the White House have made explicitly clear that PJM must extend the price collar at current levels. Earlier this month, the PJM governors joined with the White House to issue a historic Statement of Principles (SoP).

This document is a direct call for PJM to recognize what has become obvious to the larger world—that PJM's Reliability Pricing Model (RPM), which is designed to assure resource adequacy, is failing to induce development of new power generation under current conditions. A new approach is needed that ensures resource adequacy and, while that is being developed and implemented, PJM must act to protect consumers. As a first step, the SoP envisions rapid deployment of an emergency Reliability Backstop Auction (RBA), which will provide the long-term price certainty new resources need to enter the market and direct those discrete costs to cost-causers, but the SoP is explicit that PJM must meanwhile act to shield consumers from excessive price increases over the next two capacity auctions by extending the price collar at current levels.

The SoP's vision for an RBA construct is inextricably linked to its requirement that the price collar be extended at current levels. Because longer-term commitments will soon be available for new resources through the RBA, coupled with structural supply-side barriers, it is vanishingly unlikely substantial new resources will enter the Base Residual Auction (BRA) at any price point. Therefore, increasing the price paid in the BRA will only serve to dramatically overcompensate existing generators and cannot induce new entry as it otherwise might do—it is manifestly not in the public interest to increase prices under these circumstances.

While Pennsylvania does not support proposals to decrease the price collar levels alongside introduction of the RBA, it also finds any effort to increase the current price collar levels to be unacceptable. Arbitrarily increasing prices by 10%, 15% or 25% will only increase the profits of existing generators by commensurate amounts and further undermine the market construct by artificially binding the BRA at unjustified new levels—doing so will not be rigorously calibrated to support systemwide reliability, and PJM must reject such undue enrichment for existing generators.

As the SoP recognizes, data center growth is a primary driver of increasing demand, the tightening of PJM's supply-demand balance, and the increase in BRA prices. Between 1998 and 2025, PJM's unrestricted summer peak fluctuated between a low of 131.7 GW and a high of 166.9 GW. PJM's recent load forecasts, which contribute to BRA reliability requirement calculations, show exponential load growth well above this historical range that is unprecedented in PJM's history. This level and pace of load growth were not anticipated and defy expectations based on historical context—and the BRA is not designed to handle it. The unreasonably high

BRA prices that result cannot be cured by high capacity prices alone given the unprecedented growth rates the region is experiencing and the design of the BRA. The Commonwealth welcomes economic growth, and efforts to redesign the BRA to accommodate this phenomenon, while implementing other temporary structures—like the RBA—to adequately address the amount and type of load expected in the coming years. However, consumers cannot be expected to pick up the tab of an RPM construct that cannot produce the results needed in this environment as currently designed.

Finally, given PJM's signal of an imminent RBA and the uncertainty surrounding the eventual RBA's timing and parameters, maintaining the price collar is a sensible precautionary step to support the investability of the market. For example, the price cap includes, for the first time, a lower bound on the BRA (in contrast to an upper bound, which has always existed in RPM at different levels). In light of the existing uncertainty and potential increased downside risk, changes to the level of the price floor would also artificially disrupt the market and move RPM even further away from market-based fundamentals.

For these reasons, Governor Josh Shapiro, joined by the White House and every PJM governor, strongly supports extension of the existing price collar (UCAP \$325/MW-day ceiling, \$175/MW-day floor) for BRA delivery years 2028/29 and 2029/30.