

Governor Phil Murphy

Governors of New Jersey, Pennsylvania, Illinois, Maryland, and Delaware Issue Joint Letter to Grid Operator PJM

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Letter calls on PJM to address record-high electricity capacity prices in the five states

TRENTON – On Friday, Governor Phil Murphy joined Pennsylvania Governor Josh Shapiro, Illinois Governor JB Pritzker, Maryland Governor Wes Moore, and Delaware Governor John Carney in issuing a [letter to PJM Interconnection \(https://t.e2ma.net/click/b2psqm/nrddit/v9kxnab\)](https://t.e2ma.net/click/b2psqm/nrddit/v9kxnab), the grid operator for New Jersey and the aforementioned states. The governors have called on PJM to take urgent action to address the increasing cost of electricity bills after the record-high prices coming out of the region’s capacity auction.

The letter addresses issues that impact the path to renewable energy goals, including market structure and the efficacy of the generator interconnection process. In the recent PJM capacity auction for the 2025/2026 Delivery Year, clearing prices surged to almost 10 times higher than the previous year, leaving residents and businesses with much higher bills. Serious flaws with the rules this auction contributed significantly to these unnecessarily high prices. Out of concern for the impact these high prices could have on economic development, the states have recommended the following reforms to address these issues:

1. Ensure that capacity from Reliability Must Run units is included in the next Base Residual Auction. OPSI, the Independent Market Monitor, and complainants all agree that making this change would save consumers between \$3-5 billion without undermining market competitiveness or necessary price signals;
2. Eliminate the must-offer exemption for intermittent generation resources, while protecting them from performance penalties that discourage participation;
3. Lower the capacity price cap back to the level it was prior to PJM’s recent capacity market reforms;
4. Review the propriety of recent Effective Load Carrying Capability accreditation changes and adjust as needed; and
5. Although it may take longer than by the upcoming auction, swiftly implement a sub-annual capacity market designed to reduce risk on the transmission system.

“PJM must take action now to address record high prices,” **said Governor Murphy**. “In New Jersey, we’re doing our part by bringing new resources to the market and making electricity more affordable for families and businesses as we look to a clean and resilient energy future. However, our grid operator must work in lockstep with the states and recognize that the market isn’t responding quickly enough due to current conditions of slow interconnection. I’m looking forward to working together to stop customers from facing unnecessarily high utility bills, along with facilitating the development of increased capacity and reliability, which will stimulate economic growth and limit the effects of climate change.”

“No one should have to worry about not being able to afford their electricity bill, especially as we approach colder months,” **said Illinois Governor JB Pritzker**. “PJM’s record-high price increases showcase a complete disregard of vulnerable communities across state lines, and they must take swift action to prevent our residents from paying billions more than is necessary. In Illinois, we are providing more support for new, clean power generation than ever before, but many developments have been stalled for years, waiting on PJM. High prices won’t help if we do not address the underlying issues holding back new capacity; Illinois remains committed to working together to fix these processes and secure a clean, reliable grid for our future.”

“Pennsylvania has long been and continues to be a national energy leader, serving as a net energy exporter within PJM, powering homes and businesses across the region,” **said Pennsylvania Governor Josh Shapiro**. “As the demand for energy continues to increase, PJM must take comprehensive steps to address record-high electricity capacity prices and help more projects get connected to the power grid quickly in order to keep costs low for hardworking families. My Administration has been engaged with PJM and stands ready, alongside our fellow states, to support the reforms needed to ensure safe, reliable, and affordable power for consumers for the long term.

“We must continue to work with PJM to take the burden of record-high prices off the backs of working families,” **said Maryland Governor Wes Moore**. “Together we can build a clean energy future with a reliable grid, but that shouldn’t come at the expense of hard-working Marylanders. We

will continue to work with our fellow states and PJM to find a solution that will provide reliable, and affordable power.”

In addition to fixing issues with market rules, the governors have also called on PJM to improve the years-long process that companies must go through to connect new power generation to the grid. Developers have proposed vast amounts of new capacity to serve the grid, but many of these projects have been delayed for years, waiting on PJM. A lack of sufficient, new capacity adds to already-high prices, inhibits economic growth, and contributes to climate change.

As state leaders continue to address the energy needs of residents and businesses, it is crucial that PJM adjust their practices to reflect the supply and demand projections of customers. The Independent Market Monitor for PJM, a wide range of stakeholders, ratepayer advocates, and the public utility commissions of these respective states agree that key changes are necessary to improve capacity and avoid long-term price inflation.

Governor Phil Murphy

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