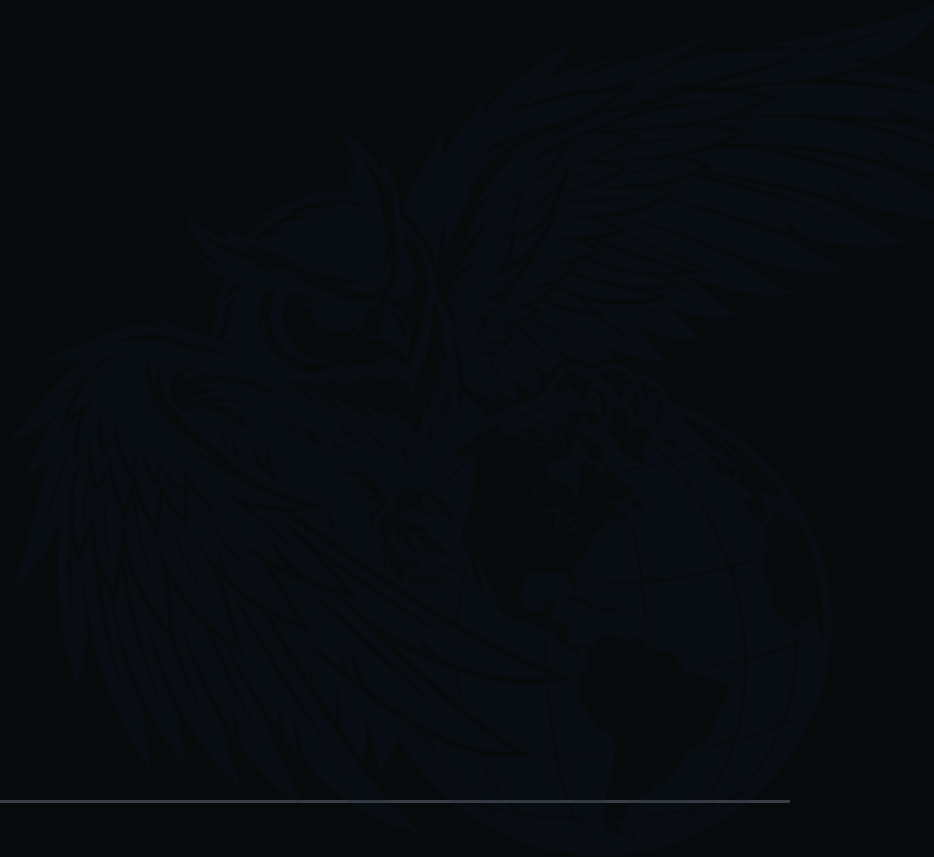

PUBLISHED MARKET RESEARCH

The Fourth Cap: PJM's December 2029/2030 Capacity Auction

Why the last collared auction is likely to clear at its ceiling again

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The Fourth Cap: PJM's December 2029/2030 Capacity Auction

Why the last collared auction is likely to clear at its ceiling again

PJM's base capacity auction for the 2029/2030 delivery year is likely to clear at its price cap for a fourth straight time, because the shortage that pushed the last three auctions to the ceiling has not closed and the backstop meant to close it has stalled at the regulator.

We judge that the December base residual auction will likely clear at the RTO price cap again. The last auction cleared at the cap, fell short of the reliability requirement and added little new generation. The reliability backstop that PJM designed to buy new capacity before the December auction was suspended by FERC until after it, and FERC has also rejected the route that would have let curtailable large loads connect without capacity backing. The cap is binding, because a cleared quantity short of the requirement carries a price above the cap on PJM's sloped demand curve, and this is the last auction the collar covers. Two risks stand against a fourth cap clear, of similar size to each other and with neither dominating: a delay of the auction past year end, which PJM has said it does not plan, and a below-cap RTO clear if demand side measures and new supply trim the shortfall, a view held at Low confidence.

HEADLINE INDICATORS

325 USD/MW-day

RTO CLEARING PRICE OF THE
2028/2029 AUCTION, AT THE
CAP

6,831 MW

2028/2029 SHORTFALL
AGAINST THE RELIABILITY
REQUIREMENT

554.72 USD/MW-day

PJM'S SIMULATED UNCAPPED
2028/2029 PRICE, NOT AN
OBSERVED MARKET PRICE

6.8 GW

NEW CAPACITY THE SUSPENDED
BACKSTOP WAS MEANT TO BUY

**15 December
2026**

CLOSE OF THE 2029/2030
AUCTION WINDOW

DOCUMENT CONTROL

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CENTRAL JUDGMENT

The capacity price in PJM is set at an administrative ceiling, because demand growth from large loads has outrun new supply and the shortfall against the reliability requirement has grown with each auction. The ceiling truncates a demand curve that would otherwise cross supply above it: the shortfall shows that, and PJM's simulation suggests by how much. The December auction runs under the same collar, with the same shortage and without the backstop supply that was meant to relieve it. A fourth cap clear is the likely outcome, and the real question for buyers and sellers is what happens to the price signal when the collar ends with this auction, unless state and federal affordability pressure, the stalled backstop or both bring a further extension.

KEY JUDGMENTS

KJ-1	The base residual auction for the 2029/2030 delivery year will likely clear at the RTO price cap. The shortage that set the price in the last three auctions has not closed, FERC rejected the route that would have let curtailable large loads connect without capacity backing, and no new supply route has opened in time, but the adjusted cap and the reliability requirement for this auction are not yet in the record we read.	MODERATE
KJ-2	The cap is binding in PJM: it sits on a demand curve that would otherwise clear above it, so the ceiling rather than the meeting of supply and demand sets the price. The last auction cleared several gigawatts short of the reliability requirement at the cap, which on PJM's sloped demand curve carries a price above the cap whatever the offers were, as PJM's own results and two independent trade reports show, and only the size of the gap, not its existence, rests on PJM's simulated uncapped price.	HIGH
KJ-3	The reliability backstop will not add capacity that counts in the December auction. FERC accepted the design only in part and suspended it until the end of next February, PJM's refiling was due only at the end of October, and even the original schedule finished selection only days before the auction window.	MODERATE
KJ-4	Two risks stand against a fourth cap clear, a delay of the auction past year end and a below-cap RTO clear, and they are of similar size to each other with neither dominating. PJM was reported in early October as still planning the December auction, and our own claims leave about one chance in ten for no results by year end and a little more for a held auction clearing below the cap, against three chances in four for a cap clear.	LOW
KJ-5	The December auction is the last one the collar covers, so the pressure on prices moves to the following auction unless the collar is extended again, and the stalled backstop is one route to a further extension beside state and federal affordability pressure. The last extension followed calls from the governors of all PJM states and the White House National Energy Dominance Council, as two listed trade reports record, while nothing in the record ties any extension to the backstop alone and no further extension has been filed.	MODERATE

KEY STATISTICS

325 USD/MW-day RTO clearing price of the 2028/2029 base residual auction, 2026-07-14 ¹	333.44 USD/MW-day Cap and clearing price of the 2027/2028 base residual auction, 2026-07-14 ¹	138,318 MW Unforced capacity cleared in the 2028/2029 auction, 2026-07-14 ¹	6,831 MW Shortfall of the 2028/2029 auction against the reliability requirement, 2026-07-14 ¹
14.7 percent Reserve margin for the 2028/2029 delivery year, 2026-07-14 ¹	525 MW New generation and uprates cleared in the 2028/2029 auction, 2026-07-14 ¹	16.4 USD-billion Value of cleared supply at the clearing price for 2028/2029, 2026-07-14 ¹	554.72 USD/MW-day PJM simulated 2028/2029 price without the collar, on offers made under the cap, 2026-07-16 ²
6.8 GW New capacity targeted by the suspended reliability backstop, 2026-09-30 ⁴	555 USD/MW-day Offer cap FERC approved for the backstop procurement, 2026-09-30 ⁴		

Scope and method

METHOD

This note reads PJM's own release of the 2028/2029 auction results, trade press reporting of those results, of FERC's order on the reliability backstop and of FERC's order on PJM's large load plan, published summaries and trade reporting of FERC's order extending the price collar and of how that extension came about, and press reporting of PJM's statements on the December calendar since those orders. It sets the December auction against the three collared auctions before it and against the state of the backstop. It judges the RTO clearing price only: an RTO cap clear says little about zonal prices, about fixed resource requirement entities or about what load finally pays, and the note does not forecast those. The cap that counts is the one PJM publishes for the 2029/2030 auction after its annual accreditation adjustment. We located PJM's posted 2029/2030 planning parameters report and auction schedule on PJM's RPM page but could not read their figures, so the forecast peak load rests on a consultancy summary and the adjusted cap and reliability requirement stay unknown. The backstop's suspension date rests on PJM's own report and an unverified press report, consistent with listed trade reporting of a hearing that runs through February, and the

order's text was not read. Sources off the firm's Source List are marked as unverified and carry no high-confidence judgment. No client-attributable material is used.

SECTION 01 • ASSESSMENT

Three auctions at the ceiling

The 2028/2029 base residual auction, announced on 14 July 2026, cleared 138,318 MW of unforced capacity at USD 325/MW-day across the whole PJM footprint, at the FERC-approved cap and 2.5 percent below the 2027/2028 cap of USD 333.44/MW-day.¹

Renewable Energy World reported on 16 July 2026 that the auction was the third in a row to clear at the cap, after the 2027/2028 auction, which had been PJM's first to fall short of its reliability requirement, by about 6,500 MW.²

Utility Dive reported on 15 July 2026 that the auction held in December 2025 had cleared 774 MW of new resources, against about 525 MW in the July 2026 auction.³

ASSESSMENT • HIGH CONFIDENCE

Three consecutive cap clears, with new supply shrinking from one auction to the next, describe a market where the ceiling is binding by a wide margin rather than by chance. PJM's own release and two independent trade reports agree on the price, the shortfall and the thin new supply.

SECTION 02 • ASSESSMENT

The collar and its last run

FERC accepted PJM's extension of the price collar on 28 April 2026 in Docket No. ER26-1556, keeping a cap of about USD 325/MW-day and a floor of about USD 175/MW-day for the 2028/2029 and 2029/2030 delivery years, with both adjusted each year for the accreditation of the reference resource.^{5,6}

E&E News reported on 30 April 2026 that FERC had extended the PJM price cap into 2030, which matches the end of the 2029/2030 delivery year rather than any wider extension.⁹

E&E News reported on 20 January 2026 that the governors of all PJM states, the Interior Secretary and the Energy Secretary had signed a statement at a White House briefing asking PJM to arrange long-term supply contracts for data centers and to keep price caps in place.¹⁶

Utility Dive reported on 2 March 2026 that the White House National Energy Dominance Council and all of the governors of PJM's states had called earlier in 2026 for the collar to be extended, and

that without the extension the cap for the next base auction would have been about USD 550/MW-day.¹⁵

PJM reported on 30 April 2026 that its extension proposal was supported by all 13 governors of the PJM region, the White House National Energy Dominance Council and the U.S. Department of Energy, and that the 2029/2030 auction closes on 15 December 2026.¹⁷

The Pennsylvania governor's office announced the extension on 12 February 2026 as the governor's own win, citing the January 2026 statement of principles of all 13 PJM governors and the federal government.¹⁹

Renewable Energy World reported on 16 July 2026 that the next auction, for the 2029/2030 delivery year, closes on 15 December 2026, and that the collar was extended only to the July 2026 and December 2026 auctions.²

A published auction calendar, updated on 1 September 2026, lists the 2029/2030 window as opening on 9 December 2026 and closing on 15 December 2026, with results posted on 22 December 2026, and the 2030/2031 auction as opening on 12 May 2027.⁷

UNKNOWN: the exact cap for the 2029/2030 auction after the annual accreditation adjustment. We found no published figure we could read and do not estimate one.

UNKNOWN: the opening and results dates of the December auction on PJM's own schedule, which we located but could not read; the close is corroborated by PJM and trade press.

ASSESSMENT • MODERATE CONFIDENCE

The December auction is the collar's last run, so it is both the fourth likely cap clear and the last auction whose price is bounded by design. Some press loosely describes the December auction as covering a later delivery year than it does, which a reader should not take for a wider extension. A further extension has more than one route: the last one followed calls from the governors of all PJM states and the White House, and state and federal affordability pressure before the following auction is at least as likely a driver as the stalled backstop, which the same January statement paired with the collar but which no record ties to an extension by itself. Two listed trade reports record how the last extension came about, while no further extension has been filed and the order is read through summaries rather than its text.

SECTION 03 • ASSESSMENT

The shortage the cap hides

PJM reported a reserve margin of 14.7 percent for the 2028/2029 delivery year and a shortfall of 6,831 MW against the reliability requirement, with forecast peak load about 2,000 MW above the forecast for the prior auction.¹

Renewable Energy World reported on 16 July 2026 that the reserve margin target is 20 percent and that PJM simulated an uncapped 2028/2029 price of USD 554.72/MW-day in all zones, with a total auction cost of nearly USD 30 billion against USD 16.4 billion with the collar.²

Utility Dive reported on 15 July 2026 that the simulated uncapped price in the ComEd zone was USD 777/MW-day and that about 2 GW of added forecast demand, largely from data centers, drove the result.³

Utility Dive reported on 22 October 2026 that Google had added 1,070 MW to a virtual power plant agreement with Voltus in PJM, to be ramped up over three to four years, without saying whether or when it would be offered in a capacity auction.¹¹

UNKNOWN: how much large-load forecast vetting and demand response growth will cut the requirement the December auction must meet.

ASSESSMENT • HIGH CONFIDENCE

The cleared price understates the scarcity in PJM, and nothing in the record we read suggests the shortage has closed since July. The binding rests on the shortfall itself: a cleared quantity short of the reliability requirement sits where PJM's sloped demand curve prices above the cap, whatever the offers were. Only the size of the gap rests on PJM's simulated uncapped price, which is computed on offers made under a known cap and may overstate what an uncapped market would clear. PJM's release and two independent trade reports agree on the shortfall at the cap, which carries the judgment without the simulation.

SECTION 04 • ASSESSMENT

The backstop that did not arrive

Utility Dive reported on 30 September 2026 that FERC approved only part of PJM's reliability backstop procurement on 29 September 2026, finding parts of the cost allocation, transmission owner exit rules and collateral rules possibly unjust and unreasonable, and that PJM delayed the procurement, set to open on 30 September 2026, with no new timeline.⁴

The same report said PJM intended to buy 6.8 GW of new capacity to cover the 2028/2029 shortfall, under an offer cap of USD 555/MW-day, and had planned to select offers from 22 October 2026 to 2 December 2026 so as to announce results before the base auction in early December.⁴

PJM reported on 30 September 2026 that FERC accepted the procurement but suspended it for five months, to an effective date of 28 February 2027, subject to refund and the outcome of further proceedings.¹³

The Daily Caller reported on 5 October 2026 that FERC suspended the procurement until 28 February 2027 and that PJM said it did not yet have revised dates for it.¹⁰

Utility Dive reported on 8 October 2026 that PJM planned to file a revised backstop proposal at FERC by 29 October 2026 rather than wait out a hearing process running through February, after the Department of Energy said PJM should file by that date.¹²

UNKNOWN: whether PJM filed the revised backstop proposal on 29 October 2026, what it changes and how quickly FERC will act on it; we did not read the order's text on FERC's library.

ASSESSMENT • MODERATE CONFIDENCE

The backstop will not deliver capacity that changes the supply side of the December auction, which leaves the cap as the main price control for one more cycle. Even an accepted refiling leaves no time to select and credit supply before mid December, the suspension date is now reported by PJM itself and fits listed trade reporting of a hearing through February, and the procurement was sized to the earlier shortfall rather than to this auction.

SECTION 05 • ASSESSMENT

What could break the pattern

PJM said in its July 2026 release that the 2029/2030 auction is scheduled for December and is a step toward a return to buying capacity three years ahead of delivery.¹

Utility Dive reported on 30 September 2026 that the FERC chair said the commission would not be forced into accepting a deeply flawed, eleventh-hour procurement mechanism, and that PJM had planned to announce backstop results before the base auction.⁴

The Daily Caller reported on 5 October 2026 that PJM still plans to hold its capacity auction for the 2029/2030 delivery year in December.¹⁰

Utility Dive reported on 12 October 2026 that FERC on 9 October 2026 rejected the core of PJM's large load plan, an interim service that would have let large loads connect without matching new capacity if they agreed to be curtailed, while approving PJM's large load definition and registry.¹⁸

A consultancy summary dated 29 September 2026 reports that the latest 2029/2030 planning parameters carry a forecast RTO peak load of 171,916 MW, up 3.6 percent on the prior auction.¹⁴

UNKNOWN: the forecast peak load on PJM's own posted parameters report, which we located but could not read, and the reliability requirement it sets; a stakeholder committee endorsed the reserve margin and forecast pool requirement values in August 2026, but we did not read the figures.⁸

ASSESSMENT • LOW CONFIDENCE

Two risks stand against a fourth cap clear, a delay of the auction past year end and a below-cap RTO clear, and they are of similar size to each other with neither dominating in the evidence. PJM has restated its December plan since the backstop order, which lowers the delay risk, while FERC's rejection of the curtailment route and a reported rise in forecast peak load widen rather than narrow the gap, leaving demand response and the uncertain adjusted cap as the main levers for a below-cap clear. No new supply or demand measure large enough to close a gap of several gigawatts by December is in the record we read, and the reported forecast peak is not yet confirmed on PJM's own pages.

SECTION 06 • DECISION

Decision

Decision	Owner	Trigger	Pre-authorized action
Hedge capacity cost exposure for the 2029/2030 delivery year at the cap	Load-serving entity or large buyer risk committee	PJM publishes the adjusted 2029/2030 cap and confirms the December auction window	Budget capacity cost at the published cap for the full delivery year, with zonal exposure assessed separately
Reassess the cap-clear view	Research desk lead	PJM announces a change to the December auction date, a backstop timeline that credits supply before the auction or a cut to the 2029/2030 requirement	Reissue the outlook and the claims within one week
Plan for the end of the collar	Generation owner or large buyer planning lead	No collar extension filed for the 2030/2031 auction by the December results	Model the following auction without a cap or floor, and a second case with a collar extended under state and federal affordability pressure or because the backstop stalled

SECTION 07 • OUTLOOK

Outlook

Baseline. The December auction runs on schedule, clears at the RTO cap for a fourth time and falls short of the reliability requirement again, with little new generation. Attention moves at once to the backstop's refiling and to whether governors, the administration or the stalled backstop bring a further extension of the collar to the following auction.

Deterioration. The backstop stall spills into the base auction calendar and PJM moves the auction past year end, leaving the capacity price for the delivery year unset and buyers without a cost signal, while the shortfall grows with load.

Stabilization. Large-load forecast vetting, demand response, uprates or a change in how large loads are counted lower the demand the auction must meet, and the RTO price clears below the adjusted cap, though zonal prices may still bind.

Claim C-1. The RTO clearing price of PJM's base residual auction for the 2029/2030 delivery year equals that auction's price cap. Probability 0.75. Resolves on 2026-12-31 from Utility Dive: YES if Utility Dive reports on or before 31 December 2026 that the RTO clearing price of PJM's base residual auction for the 2029/2030 delivery year equals that auction's price cap, the cap being the one PJM published for that auction after its annual accreditation adjustment; NO if it reports a

lower RTO clearing price or if no results of that auction are published by 31 December 2026. Horizon 90 days. The shortage that set the price in the last three auctions has not closed and the backstop has stalled, so the cap is likely to bind again in a held auction. A delay past year end and a below-cap clear are two risks of similar size to each other, and either resolves the claim NO. Base rate: 1.0, from Utility Dive, as of 2026-10-26. Why the probability differs: the base rate rests on only three collared auctions, and FERC's order of 29 September 2026 left the backstop and its link to the December calendar unsettled, which adds a delay risk the earlier auctions did not carry.

Claim C-2. The shortfall of capacity cleared in PJM's base residual auction for the 2029/2030 delivery year, with fixed resource requirement commitments, against that auction's reliability requirement, in MW. Point and interval: lo 3000, central 7000, hi 11000, unit MW, level 80. Resolves on 2026-12-31 from Utility Dive: the measure read is the shortfall of cleared capacity plus fixed resource requirement commitments against the reliability requirement of the 2029/2030 base residual auction, in MW, as Utility Dive reports it from PJM's results on or before 31 December 2026, read as 0 MW if the auction meets its requirement; if no results are published by 31 December 2026 the claim is void. Horizon 90 days. The last two auctions fell short by about six and a half to seven gigawatts, forecast load keeps rising and the backstop supply has not arrived. The interval is wide because the final reliability requirement for the auction is not in the record we read. No base rate available: only two PJM base auctions have ever fallen short of the requirement, too few to set a distribution.

Claim C-3. PJM publishes the results of its base residual auction for the 2029/2030 delivery year on or before 31 December 2026. Probability 0.90. Resolves on 2026-12-31 from Utility Dive: YES if Utility Dive reports on or before 31 December 2026 that PJM has published the results of the base residual auction for the 2029/2030 delivery year; NO otherwise. Horizon 90 days. The auction window and results date are published, and PJM was reported in early October as still planning the December auction after FERC's backstop order. The stalled backstop was meant to run first and could still reorder the calendar, so a small delay risk remains. No base rate available: the firm holds no record of how often PJM has held a scheduled base auction on its announced dates.

Indicators.

- PJM's RPM auction schedule page, for any change to the December window or results date
- PJM's refiling of the backstop at FERC, due 29 October 2026, and FERC's action on it before the suspension ends on 28 February 2027
- The posted 2029/2030 planning parameters, including the forecast peak load, the reliability requirement and the adjusted cap
- Any filing to extend the price collar to the 2030/2031 auction, and whether governors, the administration or the stalled backstop drive it
- FERC orders on large-load interconnection and forecasting that change the demand the auction must meet

- Demand response and virtual power plant offers reported for the December auction

SECTION 08 • SCORECARD

Scorecard

- CLM-2026-381: advanced, not resolved; this draft restates the cap-clear claim with the backstop suspended past the auction, two risks to a cap clear of similar size to each other, and the adjusted cap as the one that counts, and it resolves on the December results.

SECTION 09 • WHAT IS NOT KNOWN

Unknowns

- UNKNOWN: the exact 2029/2030 cap after the annual accreditation adjustment.
- UNKNOWN: the reliability requirement in the final 2029/2030 planning parameters, and the forecast peak load as PJM's own report states it.
- UNKNOWN: whether PJM will move the December auction because of the backstop stall, beyond its reported early October statement that it still plans to hold it.
- UNKNOWN: whether PJM filed its revised backstop proposal on 29 October 2026 and how FERC will act on it.
- UNKNOWN: whether a further collar extension will be proposed for the 2030/2031 auction, and by whom.
- UNKNOWN: how far demand side measures will cut the 2029/2030 requirement before the auction.
- UNKNOWN: zonal clearing prices and the cost to fixed resource requirement entities and load, which this note does not forecast.

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