



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

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CUB STATEMENT: CAPACITY AUCTION LEADS TO RECORD PRICE SPIKE FOR SECOND STRAIGHT YEAR, THREATENS EVEN HIGHER COM ED BILLS IN 2026-27

CUB says record-high capacity price points to urgent need to reform PJM policy, pass comprehensive energy legislation in Illinois

While we are relieved that the negotiated price cap prevented capacity costs from soaring even higher, this record price spike is unacceptable. CUB is deeply concerned that ComEd customers will continue to bear painfully high costs for another year, largely because of policy shortcomings from PJM. The power grid operator's policy decisions too often favor outdated, expensive power plants and needlessly block low-cost clean energy resources and battery projects from connecting to the grid and bringing down prices. This extended price spike was preventable. It ramps up the urgency of implementing long-term reforms at PJM and comprehensive energy legislation in Illinois, such as the Clean and Reliable Grid Affordability Act, to protect customers from price spikes that serve only to give power generators windfall profits. —CUB Executive Director Sarah Moskowitz

Background:

- On Tuesday, July 22, PJM Interconnection, a “Regional Transmission Organization,” announced the results of an auction that determines the price for reserve power, or “capacity.” Capacity costs are a key component of the price Commonwealth Edison customers pay for electricity. PJM is the largest grid operator in the country, serving 67 million customers across all or parts of 13 states and the District of Columbia (including Commonwealth Edison’s 4.2 million customers).
- The auction (technically referred to as the “Base Residual Auction”) was held July 9-15. It set a record-high capacity price of **\$329.17 per Megawatt-day** from June 1, 2026 through May 31, 2027. The capacity cost hit a cap negotiated by Pennsylvania Gov. Josh Shapiro and is about 22 percent higher than the price that was set last year for ComEd territory and about 11 times higher than what the price was two years ago.
- Capacity costs are payments consumers make to power generators—the companies that own power plants—and they have a key impact on the supply price ComEd customers pay. ComEd has not yet announced what the supply price will be in June of 2026.
- The 2024 capacity auction set a price of about \$269.92 per MW-day, about 830 percent higher than the \$28.92 per MW-day capacity price set in the auction the year before. The prices in the 2024 auction were even higher in two eastern sections of PJM: The Baltimore Gas and Electric (BGE) zone in Maryland (\$466.35 per MW-day) and in the Dominion zone in Virginia and North Carolina (\$444.26 per MW-day).

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Following the price spike in the last auction, consumer and environmental advocates pushed for several changes:

- **RMR reform:** Environmental advocates successfully pushed for changes in the way PJM handles **Reliability Must Run (RMR) arrangements**. RMRs allow PJM to funnel extra consumer money to an otherwise retiring plant to keep it open past its closure date. Under previous PJM policy, the electric capacity of an RMR plant was NOT included in the capacity auction. Consumers thus ended up paying double: first for the price of the RMR contract, and then again because of the high capacity prices that result from not counting the RMR plant. For example, the Independent Market Monitor estimated that not including Brandon Shores and Wagner--two RMR fossil fuel plants near Baltimore, Maryland--in the last capacity auction increased the cost by as much as 40 percent. Changes made since the last auction mean that coal-fired units for the Brandon Shores plant and oil-fired units for the H.A. Wagner plant will be included in the latest capacity auction and the next one after that. (**Note:** PJM stakeholders are still developing a long-term solution. CUB opposes keeping expensive, outdated power plants open past their closure date—but agrees that RMRs should be included in the capacity auction, since they are operating anyway at ratepayer expense.)
- **More renewable, battery resources will participate in the auction.** After the last auction, consumer advocates flagged that there was an existing source of supply that wasn't necessarily being counted in the auction: renewable resources. PJM then removed an exemption that had previously left many renewable and energy storage facilities out of the capacity auction. For the first time, this required wind, solar and battery generations with Capacity Interconnection Rights (CIRs) to participate in the auction.
- **Capacity Price Collar:** Pennsylvania Gov. Josh Shapiro, concerned about the impact future capacity auctions would have on consumers, filed a complaint at the Federal Energy Regulatory Commission (FERC) asking for a price cap on the capacity auction until PJM's interconnection queue delay was sorted out. He and PJM subsequently entered into negotiations and agreed to a \$329.17 per MW-day cap on capacity prices for the next two auctions. Unfortunately, PJM, while consulting with select unnamed generators, successfully pushed for a first-ever floor of \$177.24 per MW-day on the capacity price. In filings with FERC, CUB has expressed deep concern about the floor, and joined other watchdogs in questioning why no consumer advocates were at the negotiating table.

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For more than 40 years the Citizens Utility Board (CUB) has been Illinois' leading nonprofit utility watchdog group. Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, CUB has saved consumers more than \$20 billion by helping to block rate hikes and secure refunds. For more information, call CUB's Consumer Hotline at 1-800-669-5556 or visit CUB's website, www.CitizensUtilityBoard.org.