



Local Considerations in the Development of the Net Cost of New Entry

Detailed instructions and process steps are available in M34, Section 6

Problem / Opportunity Statement

The Net Cost of New Entry (CONE) is developed for the reference resource for each CONE Area in PJM, and is used to anchor the Variable Resource Requirement (VRR) curve. This determines the VRR curve and as such, the price PJM is willing to pay for a given quantity of capacity in the capacity market. At issue is: if and at what point should PJM, as a multi-state RTO, account for specific instances where local conditions, such as state or local policy or regulations, may impact the development of Net CONE for a CONE Area or some region of the footprint smaller than a CONE Area such as an LDA or zone.

This issue warrants discussion in the stakeholder process because of increasing considerations, such as state and local laws that may impact the ability and/or cost to build new capacity resources during the current energy transition.

This work is to address the broader policy question of if and at what point should PJM, as a multi-state RTO, account for specific instances where local conditions, such as state or local policy or regulations, may impact the development of Net CONE for a CONE Area or the delineation of the areas for which Net CONE is developed.