



# Local Considerations in the Development of Net CONE

Gary Helm  
Principal Energy & Environmental Strategist  
Applied Innovation

Markets & Reliability Committee  
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- 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.

## Oct. 2022

- Introduction of Problem Statement and Issue Charge for the Local Consideration of Net Cost of New Entry (Net CONE) at the MIC

## Feb. 2023 - Sep. 2023

- Discuss the options matrix and packages at the MIC.
- Finalize packages for voting

## Sep. 2023

- First read at the MIC and MRC

## Oct. 2023

- MIC vote on package
- MRC vote on package
- MC vote on package

## Oct./Nov. 2023

- Submit a filing to FERC for implementation for the **2025/2026** Delivery Year

- Update [OATT Attachment DD § 5.10](#) by removing the ComEd LDA from CONE Area 3, and creating a new CONE Area 5, which consists solely of the ComEd LDA, starting with the **2025/2026** Delivery Year.
- Introduce an asset life factor, to reflect the decrease in the potential asset life, and update the starting value for the 2026/2027 Delivery Year.
- Update conforming language around the substantive changes.



# Notable Tariff Changes

- iv) A-1) Cost Of New Entry for 2025/2026 Delivery Year
  - A new CONE Area 5 encompassing only the ComEd Zone shall be established and the ComEd Zone will be removed from CONE Area 3. For the 2025/2026 Delivery Year, the Cost of New Entry for CONE Area 5 will be equal to the product of the Cost of New Entry determined for CONE Area 3 for the 2025/2026 Delivery Year multiplied by an asset life factor of 1.006956. For the 2025/2026 Delivery Year, the Cost of New Entry for the PJM Region shall be the average of the Cost of New Entry for all CONE Areas.
  - ...
- iv) C) 1) c) For the 2027/2028 Delivery Year through and including the 2029/2030 Delivery Year, the CONE for CONE Area 5 for a given delivery year shall be set equal to the product of the CONE of CONE Area 3 as determined for the relevant Delivery Year in accordance with (a) and (b) above, multiplied by the asset life factor applicable to that Delivery Year where such asset life factors are 1.038196 for the 2027/2028 Delivery Year, 1.058864 for the 2028/2029 Delivery Year, and 1.082781 for the 2029/2030 Delivery Year.

Geographic Location Within the PJM Region Encompassing These Zones	Cost of New Entry in \$/MW-Year (ICAP)
PS, JCP&L, AE, PECO, DPL, RECO ("CONE Area 1")	198,200
BGE, PEPCO ("CONE Area 2")	193,100
AEP, Dayton, <b>ComEd</b> , APS, DQL, ATSI, DEOK, EKPC, Dominion, OVEC ("CONE Area 3")	197,800
PPL, MetEd, Penelec ("CONE Area 4")	199,700
<b>ComEd ("CONE Area 5")</b>	<b>201,714</b>

Chair:

Stu Bresler, [Stu.Bresler@pjm.com](mailto:Stu.Bresler@pjm.com)

Secretary:

Dave Anders, [David.Anders@pjm.com](mailto:David.Anders@pjm.com)

SME/Presenter:

Gary Helm, [Gary.Helm@pjm.com](mailto:Gary.Helm@pjm.com)

**Local Considerations in the Development of  
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**Member Hotline**

(610) 666 – 8980

(866) 400 – 8980

[custsvc@pjm.com](mailto:custsvc@pjm.com)

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