

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At as session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
in the City of Charleston on the 23rd day of May 2025.

CASE NO. 25-0450-E-GI

APPALACHIAN POWER COMPANY,
WHEELING POWER COMPANY and

MONONGAHELA POWER COMPANY,
Proceeding regarding participation in the PJM Capacity
Auction and continuation of Fixed Resource Requirement
status in the PJM Interconnection, LLC wholesale power
capacity market.

COMMISSION ORDER

The Commission requires Appalachian Power Company (APCo) and Wheeling Power Company (WPCo), or together (APCo/WPCo) to explain: why they should continue to elect Fixed Resource Requirement status in the PJM Interconnection, LLC (PJM) wholesale power capacity market (PJM capacity market); how American Electric Power Company (AEP) capacity that qualifies to be sold into the PJM capacity market is bid into the market; and how such capacity is allocated or assigned among AEP operating companies. The Commission further requires Monongahela Power Company (Mon Power) to explain its participation in the PJM capacity market.

BACKGROUND

On April 12, 2025, the West Virginia Legislature passed House Bill 2014 (HB 2014) enacting the Power Generation and Consumption Act of 2025 which created the Certified Microgrid Program and required certain actions by electric utilities and the Public Service Commission. The Governor signed HB 2014 into law on April 30, 2025. The legislation takes effect July 11, 2025.

DISCUSSION

HB 2014, among other things, enacted a new requirement, to be set forth in W.Va. Code §24-2-1d(d), that,

The commission shall evaluate each capacity auction conducted by PJM Interconnection, LLC, or its successor and, to the maximum extent permitted by law, encourage the coordination of the voluntary participation of every electric generating unit in the state in each capacity auction for the benefit of ratepayers in the state.

APCo/WPCo and Mon Power and The Potomac Edison Company (PE) are load serving entities (LSEs) in PJM. Because Mon Power bids capacity into, and purchases capacity for its own and PE's West Virginia load through PJM, Mon Power and PE participate in the PJM capacity auction, also referred to as the PJM Reliability Pricing Model (RPM). APCo and WPCo do not directly participate in the RPM capacity auctions because the APCo and WPCo parent company, AEP, elected to satisfy the capacity requirements of APCo, WPCo, and all other AEP affiliates, by providing their own capacity resources through a PJM mechanism known as a Fixed Resource Requirement (FRR). PJM assigns LSEs with FRR status, such as APCo and WPCo, an annual capacity requirement based on historical peak load data and the FRR LSE submits an FRR capacity plan to PJM. Because APCo/WPCo have FRR status in PJM they do not bid capacity into, or purchase capacity through, the PJM capacity market.

At the time of AEP's election of FRR status, PJM allowed AEP a limited exception to normal FRR status whereby AEP may bid a limited amount, up to 1,000 Megawatts, of its capacity that is not needed to satisfy its own capacity requirements (bid-eligible MWs) into the RPM auctions. APCo/WPCo do not directly bid their share of the AEP bid-eligible MWs into the auction, but do receive a credit for revenue from PJM capacity payments to AEP based on an inter-AEP allocation agreement among certain AEP LSEs.

To carry out the Commission's new W.Va. Code §24-2-1d(d) duties to evaluate each PJM capacity auction and to encourage voluntary participation of electric generating units in the state, the Commission will require APCo/WPCo to file information to explain why they should maintain FRR status and explain how ratepayers would benefit or be harmed if APCo/WPCo transitioned to RPM status. In addition, APCo/WPCo should explain how the AEP bid-eligible MWs are assigned or allocated to them. As part of this informational filing, we will require APCo/WPCo to provide: (i) the capacity obligations assigned to them for the last three PJM delivery years; (ii) the amount of PJM Installed Capacity (ICAP) and Unforced Capacity (UCAP) for each generating unit; (iii) an explanation of how the inter-AEP Company Agreement to which they are parties treats total capacity obligations and excess or deficiencies in APCo/WPCo capacity; and (iv) a copy of the current inter-AEP Company Agreement.

To understand the existing RPM bidding and coordination of the bidding

conducted by each generating unit in the state, the Commission will also require an explanation from Mon Power as to how it participates in the RPM auctions. The filing from Mon Power shall also include data for the last three PJM delivery years showing: (i) capacity obligations assigned to Mon Power and PE, (ii) the ICAP and UCAP Mon Power has qualified to bid into the PJM RPM auction by generating unit for each year; (iii) the amount of UCAP bid into the auction by generating unit each year, (iv) the amount that cleared in the auction by generating unit each year, (v) the amount of capacity revenue received from the auction; and (vi) the quantity and costs of capacity purchased through the PJM RPM.

Additional requirements in W.Va. Code §24-2-1d(d) will be addressed in a separate Order.

FINDINGS OF FACT

1. The Governor signed HB 2014 into law on April 30, 2025. The legislation takes effect July 11, 2025.
2. APCo/WPCo and Mon Power and PE are LSEs in the PJM and participate in the PJM RPM capacity auctions.
3. APCo and WPCo have FRR status in PJM and do not bid capacity into, or purchase capacity through, the PJM capacity market.
4. The APCo/WPCo parent company AEP may bid up to 1,000 Megawatts, of its capacity that is not needed to satisfy its own capacity requirements into the RPM auctions and APCo/WPCo receive a credit for revenue from PJM capacity payments to AEP based on an inter-AEP allocation agreement among certain AEP LSEs.

CONCLUSIONS OF LAW

1. HB 2014 sets forth a new requirement in W.Va. Code §24-2-1d(d), that the Commission evaluate each capacity auction conducted by PJM or its successor and, to the maximum extent permitted by law, encourage the coordination of the voluntary participation of every electric generating unit the state in each capacity auction for the benefit of ratepayers in the state.
2. To carry out the Commission's new W.Va. Code §24-2-1d(d) duties to evaluate each PJM capacity auction and to encourage voluntary participation of electric generating units in the state, the Commission should require APCo/WPCo to file information to explain why they should maintain FRR status and how ratepayers would benefit or be harmed if APCo/WPCo transitioned to RPM status.

3. APCo/WPCo should further explain how the AEP bid-eligible MWs are assigned or allocated to them as provided herein and provide a copy of the current inter-AEP Company Agreement.

4. To understand the existing RPM bidding and coordination of the bidding conducted by each generating unit in the state, the Commission should require an explanation from Mon Power as to how it participates in the RPM auctions, as provided herein.

ORDER

IT IS THEREFORE ORDERED that Appalachian Power Company, Wheeling Power Company, and Monongahela Power Company are named respondents in this proceeding.

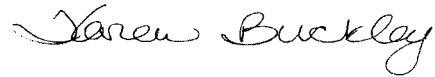
IT IS FURTHER ORDERED that on or before October 1, 2025, Appalachian Power Company and Wheeling Power Company, jointly, shall file information to explain why they should maintain Fixed Resource Requirements status and how ratepayers would benefit or be harmed if the Companies transitioned to the Reliability Pricing Model status.

IT IS FURTHER ORDERED that on or before October 1, 2025, Appalachian Power Company and Wheeling Power Company, jointly, shall make a filing that explains how the AEP bid-eligible MWs are assigned or allocated to them and provide: (i) the capacity obligations assigned to them for the last three PJM delivery years; (ii) the amount of PJM Installed Capacity (ICAP) and Unforced Capacity (UCAP) for each generating unit; (iii) an explanation of how the inter-AEP Company Agreement to which they are parties treats total capacity obligations and excess or deficiencies in APCo/WPCo capacity; and (iv) a copy of the current inter-AEP Company Agreement.

IT IS FURTHER ORDERED that on or before October 1, 2025, Monongahela Power Company shall make a filing to explain how it participates in the RPM auctions that includes data for the last three PJM delivery years showing: (i) capacity obligations assigned to Mon Power and PE; (ii) the ICAP and UCAP Mon Power has qualified to bid into the PJM RPM auction by generating unit for each year; (iii) the amount of UCAP bid into the auction by generating unit each year; (iv) the amount that cleared in the auction by generating unit each year; (v) the amount of capacity revenue received from the auction; and (vi) the quantity and costs of capacity purchased through the PJM RPM obligations in West Virginia that are served by Mon Power.

IT IS FURTHER ORDERED that the Executive Secretary electronically serve a copy of this Order on Appalachian Power Company, Wheeling Power Company, and Monongahela Power Company and the Consumer Advocate Division, and serve this Order on Commission Staff by hand-delivery.

A True Copy, Teste,

A handwritten signature in cursive script that reads "Karen Buckley".

Karen Buckley, Executive Secretary

JML/rm
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