



FERC Halts PJM's Capacity Backstop as the West's Day-Ahead Markets Widen

September 26 - October 2, 2026

Executive Summary

North American wholesale power markets spent the last week of September and the first days of October in a decidedly structural, rather than weather-driven, posture. Mild shoulder-season conditions across most of the continent kept real-time prices subdued and left capacity-market design as the dominant storyline. The single most consequential action was FERC's September 29 decision to conditionally approve but suspend PJM's Reliability Backstop Procurement, which forced PJM to pull the auction it had scheduled to open September 30 and crystallized the fight over who should bear the cost of filling the region's looming capacity shortfall amid surging data-center load. The same resource-adequacy pressures surfaced elsewhere in parallel, as MISO reversed its approach to allocating planning reserve margin obligations, Ontario's IESO advanced a marginal-reliability-impact method for capacity accreditation, and ISO New England's transmission owners absorbed FERC's reaffirmation of a return-on-equity reduction carrying roughly \$1.5 billion in refunds.

In the West, market expansion continued apace. Portland General Electric began day-ahead operations in the Extended Day-Ahead Market on October 1, widening the footprint of the CAISO-operated market even as participants worked through lingering software issues, while the broader contest between EDAM and SPP's Markets+ for western membership remained a live backdrop. California regulators used an October 1 voting meeting to approve a large data-center load interconnection and a Diablo Canyon cost true-up, reinforcing the theme of load growth colliding with aging and new infrastructure alike. Across ERCOT, SPP, AESO, and NYISO, by contrast, the week was comparatively quiet, marked by soft prices, rain-suppressed Texas demand, and routine stakeholder activity rather than market-moving events, a reminder that the structural reshaping of these markets is now proceeding largely independent of day-to-day operating stress.

CAISO

CAISO operated throughout the week without a publicly reported system-wide emergency, under conditions characteristic of fall shoulder season. Abundant midday solar output continued to pull daytime prices toward, and at times below, zero, while modest late-afternoon ramps set the daily peaks. No scarcity events, price records, or notable congestion were reported within the window, and real-time outcomes were generally unremarkable as the system moved past the extreme-heat stress that had defined earlier in September.

The more substantive activity was regulatory and procedural. At its October 1 voting meeting, the California Public Utilities Commission approved Pacific Gas and Electric's agreement to

energize a new 250 MW transmission-level retail load in San Jose tied to a Google data center, and it authorized a roughly \$1.2 billion true-up of recorded Diablo Canyon extended-operations costs, alongside rate-case and program decisions affecting PG&E, SoCalGas, and Southern California Edison. CAISO's own stakeholder calendar advanced its Large Loads Initiative, with an October 1 session on draft tariff language, and its Interconnection Process Enhancements effort, while Cluster 16 of the interconnection queue opened October 1 for a two-week application window, underscoring both the appetite for new resources and the rising cost of queue entry.



WEIM/EDAM

The marquee western development of the week was Portland General Electric's entry into the Extended Day-Ahead Market on October 1, making the Oregon utility the latest participant to move day-ahead commitment and dispatch into the CAISO-operated regional market. The utility projected on the order of \$14 million in annual customer savings once the market is fully built out and framed the step as a continuation of the benefits it has accrued through the Western Energy Imbalance Market since 2017. The EDAM, which went live earlier in 2026, now layers day-ahead coordination atop a real-time WEIM footprint that spans the large majority of western demand.

Entry was not entirely seamless. Reporting in the days before go-live noted that CAISO and EDAM participants were still working through software and implementation issues as Portland General prepared to join, a reminder that the market's rapid expansion is outpacing some operational refinement. The broader strategic contest over the West's day-ahead future also remained in view, as the competition between EDAM and SPP's Markets+ for utility commitments continued to shape planning across the region. Additional participant decisions and a regional markets forum were anticipated in the weeks immediately ahead rather than within the reporting window itself, leaving the PGE launch as the week's clean, verifiable milestone.

ERCOT

ERCOT experienced a mild, load-suppressed week rather than a stress event. Rainfall across Texas pulled demand steadily lower, with daily peaks easing through the high-60,000 to low-80,000 MW range, and October 1 demand of roughly 66,700 MW came in nearly nine percent below the day-ahead forecast as precipitation cut load. Weekly average demand fell to about 66 GW from roughly 68.5 GW the prior week, well short of the season's weekly-average records set during the summer. Real-time prices were correspondingly soft, with no operating-reserve scarcity, conservation appeals, or emergency conditions reported, as strong wind output and continued storage cycling complemented the gas-dominated generation stack.

Regulatory and stakeholder activity was light but present. The Public Utility Commission of Texas held an open meeting on October 1, with the commission's continuing focus on large-load and data-center interconnection, including the state's data-center audit effort, forming the backdrop. ERCOT's committee calendar carried only working-group sessions during the window rather than board or Technical Advisory Committee votes, and no major generator or transmission milestone was

dated to the week. Industry attention was partly absorbed by conference season, underscoring that the grid operator's most consequential market-design questions remain the slower-moving matters of accommodating rapid load growth rather than any near-term operating concern.

SPP

SPP's Integrated Marketplace operated without a publicly identified region-wide emergency and without notable price or congestion events during the window. Shoulder-season conditions across the central footprint kept real-time outcomes unremarkable, and no scarcity pricing or reliability declarations were reported. In a week defined elsewhere by regulatory drama, the existing RTO footprint was quiet on the operations side.

Governance and stakeholder work was similarly routine. The week's calendar featured net conferences of the Cost Allocation Working Group on October 1 and the Seams Advisory Group on October 2, while the pool's more consequential governance activity, including the Markets and Operations Policy Committee, was scheduled for later in October. No new FERC order or significant tariff filing affecting the existing RTO footprint surfaced within the window, leaving SPP's ongoing transmission-planning, interconnection, and Order 1920 compliance work to advance on their established, longer timelines rather than reaching any in-week milestone.

SPP Markets+

Markets+, SPP's new western day-ahead offering, remained in development toward a 2027 start and therefore produced no live operational prices during the window. In-window activity was confined to stakeholder process, most visibly an October 1 net conference of the Markets+ Greenhouse Gas Task Force operating under the initiative's participant governance structure. No binding commitment or go-live step occurred this week.

The more important story was competitive. Commentary during the window framed the West's day-ahead markets as entering a period of potential upheaval, with Markets+ and EDAM continuing to vie for membership and the eventual choices of large balancing authorities carrying outsized weight for each market's ultimate depth and liquidity. No new Markets+ tariff filing or membership commitment landed within the window, and the pivotal decisions that will shape the initiative's footprint, including those of balancing authorities weighing EDAM against Markets+, remained pending rather than resolved as the reporting period closed.

MISO

MISO's markets operated throughout the week without a widely reported system-wide emergency, consistent with mild early-fall conditions across the footprint. No notable real-time price record or congestion event surfaced within the window, and operations were largely routine, leaving policy work as the week's center of interest.

The substantive development came in resource-adequacy policy. At its Resource Adequacy Subcommittee, MISO shifted its approach to allocating the planning reserve margin requirement among load-serving entities, moving toward a forecasting-based method after previously favoring a settled-load division. The change carries meaningful implications for how capacity obligations and their costs are distributed as the region confronts data-center-driven load growth. The decision fits within a broader year of resource-adequacy and transmission-planning activity, with MISO's long-range transmission portfolio and auction-design work continuing to advance toward later-2026 milestones rather than reaching resolution during this particular week.

PJM

PJM was the week's center of gravity. On September 29, FERC conditionally approved but suspended for five months the RTO's Reliability Backstop Procurement, the one-time mechanism intended to secure roughly 6,800 MW of new capacity to address a looming shortfall, pushing its effective date into late February 2027 and flagging cost allocation, transmission-owner exit rules, and load-serving-entity collateral requirements as potentially unjust and unreasonable. The commission's chair publicly criticized the design as a flawed, eleventh-hour mechanism with billion-dollar implications for consumers, and PJM responded by pulling the procurement auction that had been scheduled to open September 30, promising a revised timeline and an administrative update at an upcoming committee meeting.

Governance and consolidation issues ran alongside the capacity drama. PJM members endorsed a governance-reform term sheet during the window, one that would expand state participation while preserving members' authority over key filings, but several states voiced dissatisfaction that the changes left members with effective veto power, keeping pressure on the RTO ahead of further FERC scrutiny. The proposed NextEra-Dominion merger also drew in-window opposition, including comments from PJM's Independent Market Monitor raising market-power concerns, while state-level proceedings such as

Pennsylvania's data-center curtailment and cost-allocation effort advanced in parallel. Shoulder-season operations, by contrast, were unremarkable, with no notable price events reported within the window.

ISONE

ISO New England showed a normal fall operating pattern, with mild demand and no reported price records, congestion events, or system emergencies during the window. Operations were quiet, and the week's significance lay instead in a pair of regulatory developments with long financial tails for the region's transmission owners and prospective generators.

Reporting within the window confirmed that FERC had reaffirmed its reduction of the base return on equity for New England transmission owners, from 10.57 percent to 9.57 percent, dismissing rehearing requests and leaving owners including Eversource and Vermont's transmission entities facing refunds estimated at roughly \$1.5 billion plus interest across two historical periods. The proposed NextEra-Dominion merger drew opposition spanning New England and the Mid-Atlantic, with regional stakeholders raising market-power and concentration concerns, and a parallel discussion of the evolving challenges facing storage developers in the region reflected the continuing adjustment to Order 2023 interconnection rules and ongoing capacity-market reforms.

NYISO

NYISO had the quietest week among the markets reviewed, with no development verifiably published within the window. Operations through late September and early October reflected ordinary shoulder-season conditions, and no price record, congestion event, or system emergency was reported. The absence of fresh activity is itself worth noting against a year in which the state's reliability margins and transmission build-out have drawn steady attention.

The ISO's recent threads, including summer system-performance reporting, the Propel NY transmission approval, reliability-needs assessment findings, and large-load generation guidance, all predated the window, and no capacity-accreditation, interconnection-cluster, board, or state-policy action surfaced between September 26 and October 2. New York's next substantive milestones on resource adequacy and interconnection appeared to sit beyond the reporting period, leaving the week as a pause between more consequential proceedings rather than a source of new developments.

AESO

Alberta's market was soft and uneventful. Weekly average pool prices fell sharply from the prior week, and the in-window days were notably mild, with Saturday, September 26 averaging roughly \$14 per MWh and Sunday, September 27 about \$28 per MWh, across ranges that touched \$0 per MWh and recorded no hours above \$100 per MWh. Demand held near the low-10,000 MW range, and no scarcity or reliability events were reported, leaving the operating record one of comfortable supply and low prices.

Policy activity centered on market redesign but largely around, rather than within, the window. AESO's engagement on restructured energy market rules, launched just before the reporting period, set stakeholder sessions and feedback deadlines in early-to-mid October, while the province's large-load connection pipeline, swollen by data-center interest, remained the dominant structural theme. No in-window AESO board decision or transmission milestone was confirmed, leaving the week's record one of quiet operations alongside continuing, forward-dated redesign work that will come to a head later in the autumn.

IESO

Ontario's renewed wholesale market continued normal operations, reporting day-ahead and real-time zonal prices without a province-wide emergency or notable in-window price event. The market's day-to-day record was quiet; its significance for the week lay in capacity-market design and procurement, where the IESO was among the most active operators across North America.

The IESO proposed adopting a marginal reliability impact method for capacity accreditation in future procurements, moving away from an unforced-capacity basis toward an approach better suited to a fleet increasingly weighted toward storage and variable resources, and it opened its November capacity auction process, with bidding set for late November to cover the summer 2027 and following winter obligation periods. Stakeholder briefings during the week also showed the IESO agreeing to provide further technical justification for a proposed 100 MW-per-minute battery ramp-rate limitation after objections from the storage sector, reflecting the operator's continuing effort to integrate fast-ramping resources as it projects substantial long-term demand growth.

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