

PJM 5 COINCIDENT PEAKS

Turn 10X Bill Increases Into Significant Savings

**2026-2027 CP
Savings Potential**

\$120,147

per MW of curtailment.

Industrial organizations in the PJM market are seeing a dramatic reversal from a decade of flat energy demand to an era of unprecedented growth. This shift, driven by data centers, manufacturing onshoring, and asset electrification, is pushing capacity charges to new heights.

WHAT IS THE PJM 5CP?

The 5CP (Five Coincident Peaks) is a mechanism used by PJM to determine your share of the costs for maintaining the power grid's capacity. It is based on your facility's highest demand during the five 1-hour intervals when the entire PJM system reaches its peak demand between June and September.

Capacity Year

These charges appear on your bill for the capacity year, running from June 1st to May 31st of the following year.

The Mechanism

Your "Peak Load Contribution" (PLC) during these five hours sets your capacity charges for the entire next year.

Cost Significance

Capacity prices are cleared in annual auctions and have recently surged from approximately \$10,560/MW-year in 2024/2025 to a projected \$120,147/MW-year for 2026/2027.

WHY ARE CHARGES SPIKING?



Power Plant Retirements

A loss of 6,600 MW in generation capacity compared to previous auctions.



Increased Demand

Forecasted summer peak loads are climbing steadily toward 220,000 MW by 2040.



Regulatory Changes

New FERC-approved market reforms have improved reliability risk modeling, which more accurately (and expensively) values resource contributions.



HOW THE 5CP MECHANISM WORKS

While your facility uses power every day, your Capacity Charges for the entire following year are determined by how you perform during just five specific hours. This is known as the 5CP (Five Coincident Peaks) mechanism.

THE PEAK GUESSING GAME

Throughout the summer (June through September), the PJM grid experiences hundreds of "mini-peaks" as temperatures rise and air conditioning load increases.

- **Daily Peaks:** Every afternoon, demand naturally climbs, often peaking between 2:00 PM and 6:00 PM.
- **Potential Peaks:** During a typical summer, there may be 10 to 20 days that look like potential record-breakers.
- **False Alarms:** Many days may feel like a peak but ultimately fall short of the season's top five. Without predictive tools, facilities often curtail their operations dozens of times unnecessarily.

WHAT ACTUALLY COUNTS

After the summer ends, PJM looks back at the metered data for the entire four-month period and identifies the five hours with the highest system-wide demand.

- **Distinct Days:** Each of the five peak hours must occur on a separate day.
- **Winning Intervals:** Only the demand recorded during these specific five hours matters for the calculation of these charges.
- **The Calculation:** PJM takes your facility's average load during those five specific hours to create your Peak Load Contribution (PLC), also known as your "Capacity Tag".

Example:



Facility Uses 1,000 kW during most of the summer



500 kW

curtailed during the five specific peak hours.



Next Year's bills are now based on the 500 kW reduced average.

By reducing your contribution to the coincident peak by 500 kW, you would achieve:



\$60,000
annual savings

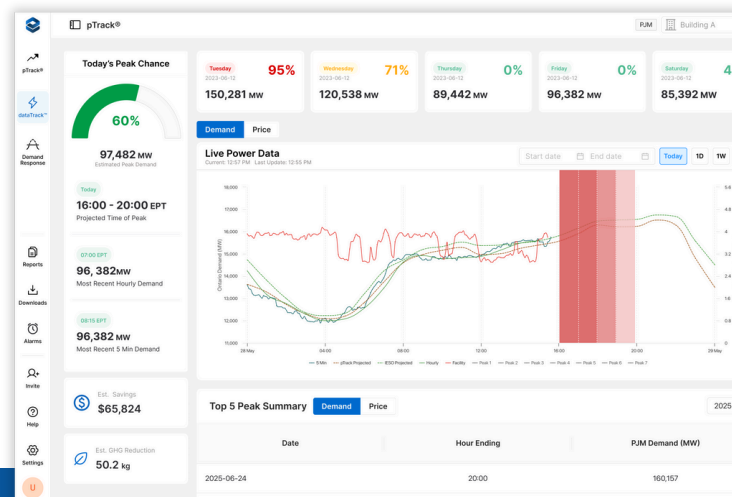
STRATEGIES TO REVERSE THE INCREASE

You can control these costs by reducing your load contribution during those five critical system peak hours.

| Strategy | Action |
|------------------------------|--|
| Maintenance Alignment | Schedule planned maintenance shutdowns to coincide with predicted peak day |
| Consumption Shifting | Shift heavy production processes to off-peak hours. |
| Auxiliary Load Shifting | Reduce non-essential loads (HVAC, lighting, pumps) during peak windows. |
| Distributed Energy Resources | Dispatch your backup generators or Battery Energy Storage Systems during peak windows to reduce load being served by the grid. |

AI PEAK PREDICTION SOFTWARE

pTrack® by Edgecom Energy is a premier solution for peak prediction. Harnessing cutting-edge data science, machine learning, and AI technologies, pTrack® delivers precise forecasts to help your facilities stay ahead of real-time energy demands and optimize consumption. Our AI models boast an outstanding 99.1% accuracy in demand and price forecasting for PJM, showcasing unparalleled reliability.



EDGECOM ENERGY

Edgecom Energy provides commercial and industrial consumers with an all-in-one energy management solution to outsmart rising energy costs. Our platform uses AI and combines real-time facility and grid analytics to deliver advanced insights and enable better decision-making, reducing costs and emissions while maximizing grid incentives.

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