



The Village of **YELLOW SPRINGS**

MEMORANDUM

TO: Village Council

FROM: Johnnie Burns, Village Manager

DATE August 15, 2025

RE: PJM Capacity Auction & Impact on Yellow Springs Electric Rates

Council Members,

I want to update you on the recent PJM capacity auction and its effect on electric rates for Yellow Springs residents. PJM Interconnection is the regional transmission organization that operates the electric grid and wholesale power markets in our area. It does not generate electricity, but it coordinates the flow of power across a multi-state network and runs auctions to ensure enough generation is available to meet peak demand.

Background

Yellow Springs operates its own municipal electric utility, but we are connected to the larger PJM grid. A portion of our electric costs comes from “capacity,” which is the payment made to power plants to be available 24 hours a day, seven days a week to meet demand during the hottest and coldest days. The price for capacity is set through an annual PJM auction.

What Happened

In the most recent auction, capacity prices rose sharply. Contributing factors include:

- Rising demand for electricity, including new large users such as data centers.
- Additional regulations on generators for environmental and extreme weather readiness.
- Retirement of older power plants without enough new generation coming online.

Impact on Yellow Springs

The higher capacity costs took effect in June 2025 and are now reflected on customer bills. For our community, the increase is a little more than 1 cent per kilowatt-hour (kWh), which equals approximately \$9 more per month, or \$108 more annually, for the average household using 875 kWh per month.

We will also encourage residents to help manage future capacity costs by reducing usage during peak demand days, exploring energy efficiency measures, and participating in any load management programs we may pursue.

While we work to keep rates as stable as possible, capacity prices are influenced by market conditions that are outside of our control. I will keep you updated as we implement public outreach and explore mitigation strategies with AMP.