



July 5, 2021

VIA Electronic Delivery

Daryl Metcalfe, Member
Pennsylvania House of Representatives
Room 144 Main Capitol
Harrisburg, PA 17120

Chairman Metcalfe:

Thank you for your June 17, 2021, letter expressing your position as majority Chair of the Pennsylvania House Environmental Resources and Energy Committee with respect to the current efforts to reform the Minimum Offer Price Rule (MOPR). As you note, the MOPR is a topic of stakeholder discussions that are being conducted through PJM's Critical Issue Fast Path (CIFP) process initiated by the PJM Board of Managers (Board) on April 6, 2021 ([April 6 letter](#)).

As communicated to your colleague, Senator Yaw, PJM recognizes that the primary focus of reliability at least cost is no longer the uniform common denominator across all PJM states as it once was. While still an important part of our shared focus, states are increasingly active in choosing their own energy policy and shaping their own energy future and energy mix. In your letter, you note the differences in policy approaches between Pennsylvania and certain other states within the PJM footprint. It is undeniably true that the states we serve have diverse and varied energy policies. PJM agrees with you that Pennsylvania's policies and priorities deserve the same level of accommodation as any of our states. It is clear that, looking forward, we must find ways to incorporate the diverse interests of the 13 states and the District of Columbia, while at the same time maintaining the integrity of the markets and all of the shared benefits of operating over a large footprint.

PJM remains very supportive of competitive markets. PJM operates some of the leading wholesale power markets in the nation. The capacity market in particular has delivered significant benefits to consumers in Pennsylvania and throughout the PJM footprint. These benefits include the support of PJM's strong reliability performance, affordability for consumers, reduced emissions, and investment in natural gas combined cycle generation and other innovative technologies. In our April 6 letter initiating the CIFP process, we expressly identified "embrac[ing] competitive principles and send[ing] appropriate price signals for efficient entry and exit" as a key principle in designing any capacity market reforms.

According to the CIFP process adopted by Members in PJM Manual 34, PJM produced its initial proposal in the first stage and presented an updated proposal in the third stage. There were multiple meetings where stakeholders added alternative options and PJM adjusted its proposal based upon some of that feedback. Package proposers, including PJM, finalized their proposals in advance of the June 23, 2021, posting deadline for the final meeting held on June 30, 2021. A subsequent stakeholder vote indicated support for PJM's proposed solution as well as a few of the alternative proposals. The Board must now decide which proposal it will submit to the Federal Energy Regulatory Commission (FERC) in response to its directive to modify the MOPR in its current form.

As you point out, Pennsylvania has had great success in achieving many of its energy policy goals in concert with the PJM markets. As is often the case, our industry is evolving at a pace that prevents us from relying only on the successes of the past. PJM believes it is time to explore reform that accounts for state policies and the reliability and



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operational impacts of operating a future grid, as well as maintaining the efficiencies that have reduced costs for your consumers.

PJM is committed to maintaining a strong partnership with Pennsylvania and all of our states. Collectively, you have an important voice, not just because you represent the 65 million constituents served by PJM and its members, but because you are leading the way in energy policy. Thank you again for your correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read 'Manu Asthana', written in a cursive style.

Manu Asthana
President and CEO, PJM Interconnection