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VIA Electronic Delivery

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Environmental Stakeholders:

Thank you for your August 10, 2021 letter expressing your thoughts on the next phase of capacity market reform. The areas you identify as ripe for reform align well with the areas of reform articulated by the PJM Board of Managers (Board) in its [April 6, 2021 letter](#). In that letter, the Board not only initiated reform to the Minimum Offer Price Rule (MOPR), but also identified other topics related to the capacity market that it believes prudent for the stakeholder body to address.

The Board continues to support the statements made in its April 6, 2021 letter, and reaffirms its request to have the stakeholder body address the remaining topics identified in that letter. As you are aware, this discussion has already begun.¹ PJM continues to refine and seek feedback on a proposed framework for addressing these “phase 2” topics, and we look forward to your active engagement in that process.

Again, our thanks for your correspondence.²

Sincerely,

Mark Takahashi

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¹ See Adam Keech, Capacity Reform: Phase 2, which can be viewed at the following URL link <https://www.pjm.com/-/media/committees-groups/committees/mic/2021/20210812-session-7/20210812-capacity-market-reform-phase-2.ashx> (last accessed on August 20, 2021).

² We wish to clarify one statistic cited in your letter. You stated that 79% of nonperforming units were excused during a significant Capacity Performance event. While it is true for that event that approximately 77% of MWs (not units) were not included in the performance calculation, it is not because these MWs failed to perform. Rather, those MWs were not expected to be on-line during those performance hours because they were either on a PJM-approved maintenance outage, they were scheduled down or not scheduled in the first instance given system conditions and needs. These excusals are included in PJM’s approved tariff. That said, capacity qualification and performance are one of the identified areas to explore in our “phase 2” discussions.