

Sandra Mattavous-Frye, Esq.
People's Counsel

April 17, 2018

VIA E-MAIL

Mr. Michael Catanzaro
Special Assistant to the President, Domestic Energy and Environmental Policy
The White House
1600 Pennsylvania Ave NW,
Washington, DC 20500

Re: FirstEnergy Solutions Corp.'s Request for Emergency Action

Dear Mr. Catanzaro,

I am writing you regarding FirstEnergy Solutions Corp.'s ("FES") *Request for Emergency Order Pursuant to Federal Power Act Section 202(c)1* ("Request") to the Secretary of the Department of Energy ("DOE") submitted on March 29, 2018. As the statutory consumer advocate for ratepayers in the District of Columbia, the Office of the People's Counsel for the District of Columbia ("DC-OPC") is charged with protecting the interests of individuals and small businesses in the District. For nearly two decades the District has pursued a policy of competitive energy markets that has resulted in significant ratepayer choice and savings. I am very concerned that FES's Request will undermine these competitive markets; raising both current energy costs and discouraging investment in cheaper generation going forward. These additional costs – without any measurable ratepayer benefit will raise utility bills for thousands of District ratepayers, including many federal government employees and small businesses who work with the federal government. For these reasons, DC-OPC has intervened in the DOE's proceeding¹ and expressed our opposition to FES's request in the Protest of the PJM Consumer Representatives ("Protest"), of which we are a signatory². However, given the importance of this issue, I appreciate the opportunity to share my concerns with you.

The Request is premised on the faulty notion that the proposed retirement of three of FES's nuclear facilities will undermine the reliability of the grid. However, as grid operator, PJM Interconnection LLC ("PJM") has noted "without reservation there is no immediate threat to

¹ District of Columbia Office of the People's Counsel Motion to Intervene (April 4, 2018).

² Protest of the PJM Consumer Representatives (April 5, 2018).

system reliability.”³ This would be the case if these facilities were retiring *today*; however, as PJM correctly notes, these retirements are only *announced* and the facilities will remain operational for the next *three years*. In addition, PJM further noted that there is both a time and an orderly process to review what, if any, impact these proposed retirements will have that eliminates the need for any hastily conceived, emergency action. Moreover, as discussed at length in the Protest, the DOE has undertaken emergency action only at times of actual crisis, when the supply of power to the grid faced immediate disruption.⁴

The truth is these proposed retirements are a sign of the robustness of the PJM market, not its weakness. PJM’s current reserve margins are extremely healthy; the most recent BRA for capacity, for the 2020/2021 Delivery Year, cleared reserves of 23.3 percent - or 6.7 percentage points higher than the targeted minimum required reserve level of 16.6 percent.⁵ Additionally, over 60,000 MW of new generation resources are currently under development in the PJM market⁶ - the overwhelming majority of it cheaper natural gas and renewable power. While not all new projects will eventually be placed in service, enough will be present to compensate for the loss of any retired nuclear or coal facilities, including the FES’s proposed closures. In fact, it’s fairly simple, if new, cheaper generation was not offered into the market the facilities that are now facing closure would still be able to sell energy into the market. The proposed retirements are the result of appropriate price-signals with more expensive generation being replaced by less expensive generation. Additionally, these market fundamentals are the drivers behind moving from cost-of-service based utility rates to competitive market rates and that have delivered trillions of dollars in savings to consumers over the past quarter century.

As discussed in the Protest, the Request represents a very real price increase on individuals and businesses in the PJM market.⁷ Low energy prices have a material impact on the national gross domestic product and help make American businesses more competitive. And what is true for large, industrial energy customers is even more significant for individual ratepayers and small businesses who are not shielded from changes in the market. Individual families and small businesses across the PJM market and within the District would be forced to pay more for the same energy if the Request is approved. This includes the families of thousands of federal employees, the businesses in their neighborhoods and the businesses the federal

³ Letter of PJM Interconnection LLC to Secretary Perry (March 30, 2018).

⁴ Protest at 9-13.

⁵ See 2020-2021 BRA Results, available at <https://www.pjm.com/~media/markets-ops/rpm/rpm-auction-info/2020-2021-base-residual-auction-report.ashx>.

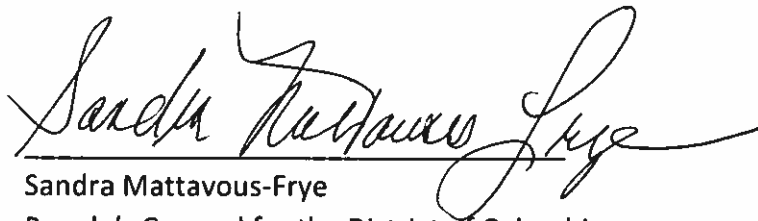
⁶ PJM Interconnection, L.L.C., PJM Interconnection Queue Status & Statistics Update Database Snapshot on 04/24/2017 at 16 (May 4, 2017), available at <http://www.pjm.com/~media/committeesgroups/committees/pc/20170504/20170504-item-12-pjm-queue-status-update.ashx>.

⁷ Protest at 34-36.

government relies upon. This, by definition, means that any increase in rates is not just or reasonable.

Competitive wholesale electric markets have brought tremendous benefits to ratepayers in the District of Columbia and around the country. They have strengthened our economy both locally and nationally. They have brought cheaper, cleaner, and more efficient generation to the market. FES' Request represents a significant, costly, and entirely unnecessary step backwards. For all the reasons stated, I respectfully request and urge you to oppose First Energy's Request.

Respectfully submitted,

A handwritten signature in black ink, reading "Sandra Mattavous Frye". The signature is written in a cursive style with a horizontal line underneath the name.

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