

PRINCIPLES FOR THE PJM CAPACITY MARKET REFORMS

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PRINCIPLE 1 – CAPACITY MARKET REFORMS MUST BE DONE RIGHT, NOT RIGHT NOW

- ▶ There are several models for a voluntary clean capacity procurement that PJM and stakeholders can explore.
- ▶ The clean trades support a continued investigation and discussion of voluntary clean capacity procurement models that would accommodate and facilitate state clean energy goals, but not seek to involuntarily pull state jurisdictional products into the PJM and FERC jurisdictional sphere.
- ▶ Given the complexity of the jurisdictional and other issues presented, an arbitrary deadline of Q1 may not be adequate; proper market design is paramount.
- ▶ Proposals for market reform that seek to better integrate state decarbonization policy goals with the PJM markets must acknowledge the jurisdictional complications and risks and respect the authority of individual states to choose the best way to implement their clean energy policies.

PRINCIPLE 2 – RASTF NEEDS TO FOCUS ON CAPACITY

- ▶ The jurisdictional line between the states and FERC is clear on this: FERC has exclusive jurisdiction over wholesale sales. States maintain control over the generation mix.
- ▶ States use instruments such as RECs, ZECs, ORECs and other clean energy credits to help each state direct the generation mix within its control and provide compensation for environmental attributes within state authority.
- ▶ PJM, under FERC jurisdiction, manages capacity procurements to maintain reliability while respecting state actions to shape the generation mix.
- ▶ Proposals for existing state-created products to be pulled into the PJM market do not advance the discussion of needed capacity market reforms that the RASTF was created to address and should not be considered further.
- ▶ Since the RASTF's scope only extends to capacity markets, we focus here on capacity markets, where the RASTF work should remain. However, similar principles would apply in discussion of voluntary clean attribute procurement.