

DARYL METCALFE, MEMBER
HOUSE OF REPRESENTATIVES
ROOM 144 MAIN CAPITOL
PO BOX 202012
HARRISBURG, PENNSYLVANIA, 17120-2012
PHONE: (717) 783-1707
FAX: (717) 787-4771

Website: RepMetcalf.com



House of Representatives
Commonwealth of Pennsylvania
Harrisburg

CRANBERRY TOWNSHIP MUNICIPAL CENTER
2525 ROCHESTER ROAD, SUITE 201
CRANBERRY TOWNSHIP, PA 16066
PHONE: (724) 772-3110
FAX: (724) 772-2922

ENVIRONMENTAL RESOURCES AND
ENERGY COMMITTEE
CHAIRMAN

June 17, 2021

Manu Asthana
President and CEO
PJM Interconnection
PO Box 1525
Southeastern, PA 19399-1525

Dear Mr. Asthana and Members of the PJM Board,

As majority Chairman of the Pennsylvania House Environmental Resources and Energy Committee, I write to you seeking assurance that Pennsylvania's competitive energy markets will be protected and not disadvantaged as you hold stakeholder discussions regarding the Minimum Offer Price Rule (MOPR). Pennsylvania has successfully adapted our state policy to be competitive in PJM's equally successful wholesale market construct. Neighboring states which have intervened in the energy market to pick winners and losers through subsidies should not be able to undermine Pennsylvania's efforts. PJM and FERC must have rules in place that preserve our ability to maintain a vibrant and competitive wholesale and retail electricity market.

Pennsylvania's energy policy has achieved tremendous results for our residents and businesses in the past decades. Since restructuring, Pennsylvania's generation rates have fallen to historic lows, our reliability is at an all-time high, and Pennsylvania has reduced carbon emissions from the power sector faster than nearly every other state in the PJM footprint. We have seen billions of dollars invested in our state employing thousands of Pennsylvanians and injecting economic activity into areas of the state that have needed it most while enjoying power generation rates that are well below the national average.

Although Pennsylvania has pursued an energy policy based on markets and not on subsidies, increasingly resources in our state are competing on a tilted playing field as they compete against subsidized resources from other states. It is fundamentally unfair to those who have chosen to invest in our state without a subsidy based on a promise of a competitive market to have to compete without protection from PJM from the market-distorting actions of states outside Pennsylvania's borders. Pennsylvania's state policies deserve as much respect and accommodation as other states in the PJM footprint. While other states certainly have the right to implement subsidies as they see fit, these decisions should not impact and unfairly disadvantage states which have chosen not to do so.

Pennsylvania's continued participation in PJM is dependent on competitive and fair markets. Pennsylvania can leave PJM's capacity construct and pursue a competitive capacity structure if PJM

Mr. Asthana and Members of the PJM Board

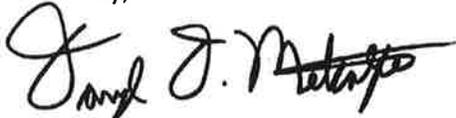
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cannot provide it. Exiting the PJM capacity construct is a road Pennsylvania would prefer to avoid as there are clearly benefits to a broader regional market; however, if PJM cannot appropriately contain the impact of the market-distorting actions of other states to those states, Pennsylvania may have no other choice.

Pennsylvania will maintain competitive markets to ensure that energy consumers within our borders will benefit from low rates. In order to do so, we need capacity market prices that accurately reflect market conditions, which have not been manipulated by other states' decisions. Pennsylvania will continue to closely monitor developments both at PJM and FERC to ensure that our citizens' interests are being protected.

Sincerely,

A handwritten signature in black ink, appearing to read "Daryl D. Metcalfe". The signature is stylized with a large initial "D" and a long horizontal stroke at the end.

Daryl D. Metcalfe

Chairman

Environmental Resources & Energy Committee