Assess state actions and the PJM capacity construct: Problem Statement and Issue Charge

January 26, 2017 PJM Markets & Reliability Committee

Sponsors

- **American Municipal Power**
- **Delaware Municipal Electric Corporation**
- **Old Dominion Electric Cooperative**
- **PJM Public Power Coalition**
- **Public Power Association of New Jersey**

Problem Statement

- **Important policy debates circumventing the PJM stakeholder process**
- **Discussion needs to take place in PJM**
- **Any state may take actions to meet its environmental, political and policy objectives that could affect RPM**
- **Proactive assessment of RPM to ensure potential state action objectives and RPM objectives are not at odds**
- **RPM to be more resilient in the face of this very foreseeable future**

Issue Charge

- **Identify the objectives and characteristics of a well-functioning capacity construct.**
- **Identify current and potential actions states could take regarding resource adequacy, fuel diversity, public, and environmental policies.**
- **Identify areas where state actions and the current RPM capacity construct may produce non-complimentary results.**
- **Given the results from Activities 1-3, brainstorm and develop modifications to RPM that could accommodate/address both capacity construct objectives and state actions.**

Deliverables & Duration

- **Deliverables ~~are expected to~~ could include changes to PJM Operating Agreement, Tariff, Reliability Assurance Agreement and manuals**

- **Third Quarter 2018**

- **Group will seek Tier 1, consensus (unanimity) on a single proposal for the issues identified in the group**

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Scope

- **Adding energy broadens scope and increases chance of no consensus**
- **Adding federal and local government actions broadens scope**

Energy

- **Current energy market design is sound**
  - **Works fairly well when prices are not volatile and transmission not congested.**
- **Concerned about introducing another administrative component**
- **Need to focus on price formation and more transparency in PJM's dispatch**

Discussion?