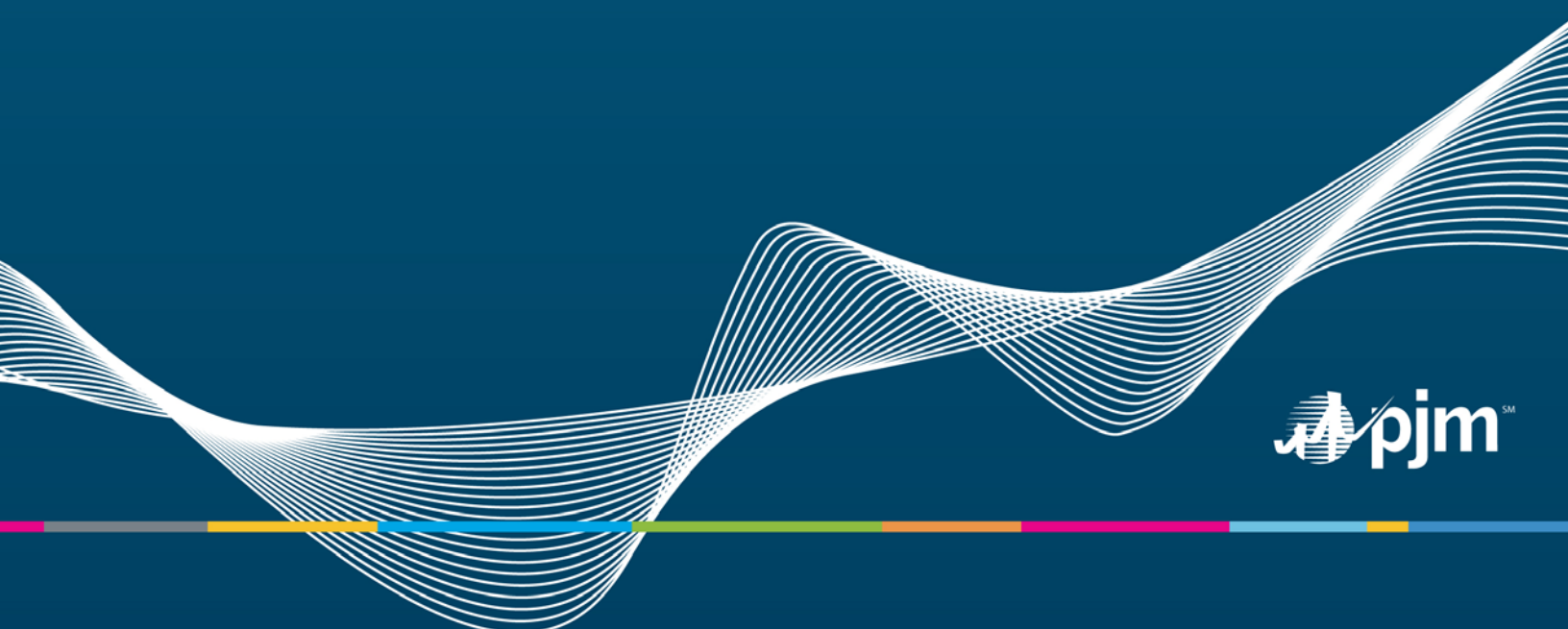


Capacity Construct / Public Policy Senior Task Force
Final Report



Contents

Executive Summary	2
Problem Statement and Issue Charge	2
Education Provided	4
Vote Results	4
Final Packages	4
Appendix.....	5
Informational Items	5
Meeting Materials	5
Stakeholder Participation.....	5

Executive Summary

The Capacity Construct / Public Policy Senior Task Force (CCPPSTF) was formed by the PJM Interconnection Markets and Reliability Committee to examine the problem statement put forth by American Municipal Power, Inc. (AMP), Delaware Municipal Electric Corporation (DEMEC), Old Dominion Electric Cooperative (ODEC), PJM Public Power Coalition, and the Public Power Association of New Jersey. This problem statement sought to identify situations where potential state public and environmental policy initiatives, including but not limited to resource adequacy and fuel diversity, might be discordant with Reliability Pricing Model (RPM) objectives based on the current construct. Pending the outcome of this investigation, the problem statement then sought to determine if modifications to the current RPM construct were required to accommodate or address state public or environmental policy actions.

Stakeholders participating in the CCPPSTF met 22 times from March 2017 through November 2017. Participants in the task force developed ten proposals. After much vetting of each proposal, 2 of the proposals were removed from consideration. The IMM MOPR-Ex proposal was the only proposal to receive simple majority support at the task force level and was moved to the MRC for a first read at the December 7 meeting, and a planned vote at the December 21, 2017 meeting.

At the December 21, 2017 MRC meeting, the IMM presented proposed Tariff revisions associated with the MOPR-Ex proposal endorsed by the CCPPSTF as well as proposed amendments to the proposal. In an effort to strive towards a better understanding of the proposed amendments and Tariff language, stakeholders moved a motion to defer the MRC vote until the January 25, 2018 MRC meeting. This motion did not intend to delay the final MC vote scheduled for January 25, but instead, noted that any option that received approval at the January 25, 2018 MRC, would then be voted at the MC meeting on the 25th. The motion was approved in a sector-weighted vote with 4.24 in favor

At the January 25, 2018 MRC meeting, the IMM provided an update on the proposed Tariff revisions associated with the MOPR-Ex proposal endorsed by the CCPPSTF. Stakeholders made a motion to defer voting on the main motion and alternate motion until completion of a vote on the PJM proposal. The motion to defer passed by acclamation with four objections and no abstentions. Stakeholders then made a motion that the MRC vote on the PJM Capacity Re-Pricing Proposal as amended and published on January 16, 2018. The PJM proposal failed in a sector weighted vote with 1.07 in favor. Following discussion, the proposed Tariff revisions associated with the IMM MOPR-Ex proposal failed in a sector-weighted vote with 1.17 in favor. At this point, stakeholders proposed two friendly amendments to the alternate motion. These friendly amendments were accepted and therefore incorporated into the alternate motion. Following discussion, the alternate proposed Tariff revisions failed in a sector-weighted vote with 3.02 in favor. Finally, stakeholders seconded a second alternate motion comprising the alternate motion Tariff revisions as originally posted for January 25, 2018 MRC meeting (not including the two accepted friendly amendments in the first alternate motion). Following discussion, the alternate proposed Tariff revisions failed in a sector-weighted vote with 3.19 in favor. As such, no final vote at the MC meeting took place, as no proposal was endorsed by the MRC.

Problem Statement and Issue Charge

American Municipal Power, Inc. (AMP), Delaware Municipal Electric Corporation (DEMEC), Old Dominion Electric

Cooperative (ODEC), PJM Public Power Coalition, Public Power Association of New Jersey brought forth this problem statement for consideration by the MRC:

“The Reliability Pricing Model (RPM) became effective in 2007. The initial version of this resource adequacy construct was the result of intense multiparty negotiations among the PJM stakeholders and PJM during the settlement process at the Federal Energy Regulatory Commission.

Ten years later, RPM has continually evolved either in reaction to unforeseen events or as part of design improvements.

In 2015 and 2016, RPM was again challenged by unforeseen events, specifically the power purchase agreements in Ohio and the zero emission credits in Illinois, as some states and load-serving entities try to comply with their states’ policies and attempt to take a more active role in guiding the resource mix. Complaints were filed at both the state and federal levels, and PJM and affected parties have asked for various levels of relief ranging from imposing the Minimum Offer Price Rule (MOPR) on existing generation to requiring PJM to make a compliance filing to address this problem, to dismissing the complaint.

As with the scenario described above, the failure to successfully anticipate these occurrences resulted in important policy debates circumventing the PJM stakeholder process and going directly to litigation at FERC. The sponsors of this Problem Statement believe the stakeholder process forum is the appropriate place for these discussions. It is apparent to the Problem Statement sponsors that each state may take actions to meet its environmental, political and policy objectives that could affect RPM.

The PJM community through its stakeholder process needs to proactively embark on an assessment of RPM, to the extent possible, to ensure potential state public policy initiatives and RPM objectives are not at odds. This collaborative effort will allow RPM to be more resilient in the face of this very foreseeable future.”

The Issue Charge set forth these key work activities:

“The group is expected to:

1. Identify the objectives and characteristics of a well-functioning capacity construct.
2. Identify current and potential public policy initiatives states could take regarding resource adequacy, fuel diversity, public, and environmental policies.
3. Identify areas where state actions and the current RPM capacity construct may not be aligned.
4. Given the results from Activities 1-3, brainstorm and develop modifications to RPM that could accommodate/address both capacity construct objectives and state actions. This could include, but not be limited to such things as, impacts to consumer costs, market entry and exit, reserve margins.”

Education Provided

Education was provided at the March 6 and March 27, 2017 meetings of the CCPPSTF.

[Economics Behind the Capacity Construct](#)

[Objectives of RPM](#)

[State Policy Education](#)

Vote Results

On November 13, 2017, members of the CCPPSTF used the online voting tool to vote on the CCPPSTF proposals. There were eight proposals. The joint IMM proposal received the most votes and was moved to the MRC for a first read and subsequent vote.

Figure 1: CCPPSTF Vote Results

Question	Yes	No	Abstain	#	%
1. Do you support the AMP Package? -- Response	31	250	6	287	11.03%
2. Do you support the Exelon Package? -- Response	30	253	4	287	10.60%
3. Do you support the IMM Package? -- Response	179	105	3	287	63.03%
4. Do you support the LS Power Package? -- Response	44	233	10	287	15.88%
5. Do you support the NOVEC Package? -- Response	44	239	4	287	15.55%
6. Do you support the NRG Package? -- Response	45	234	8	287	16.13%
7. Do you support the PJM Package? -- Response	71	201	15	287	26.10%
8. Do you support the Sustainable FERC Project Package? -- Response	23	264	0	287	8.01%

Final Packages

Executive summaries of each proposal as provided by the stakeholders in the CCPPSTF and as previously published on the [CCPPSTF page of stakeholder materials on PJM.com](#) are available through the links below:

[AMP Executive Summary](#)

[Exelon Executive Summary](#)

[IMM Executive Summary](#)

[LS Power Executive Summary](#)

[NOVEC Executive Summary](#)

[NRG Executive Summary](#)

[PJM Executive Summary](#)

[Sustainable FERC Executive Summary](#)

Appendix

Informational Items

[Raab Energy Policy Roundtable in the PJM Footprint](#)

[Context for PJM Market Design Proposals Responding to State Public Policy Initiatives](#)

[Capacity Market Repricing Proposal](#)

Meeting Materials

[Final Matrix](#)

Meeting materials for all meetings held from March 6, 2017 through November 21, 2017 are available for the on the [CCPPSTF page of PJM.com](#).

Stakeholder Participation

The following is a sampling of frequent attendees at the CCPPSTF meetings.

Last Name	First Name	Company	Sector
Ainspan	Malcolm	Energy Curtailment Specialists, Inc.	Other Supplier
Anders	David	PJM Interconnection, LLC	Not Applicable
Azar	Abe	DB Energy Trading LLC	Other Supplier
Bagot	Nancy	Electric Power Supply Association	Not Applicable
Baker	Scott	PJM Interconnection, LLC	Not Applicable
Barker	Jason	Exelon Business Services Company, LLC	Transmission Owner
Bastian	Jeff	PJM Interconnection, LLC	Not Applicable
Beattie	Jeffery	CMS Energy Resource Management Company	Other Supplier
Beattie	Jeffrey	CMS Energy Resource Management Company	Other Supplier
Benckek	Jim	FirstEnergy Solutions Corp.	Transmission Owner
Bhavaraju	Murty	PJM Interconnection, LLC	Not Applicable
Bolan	Martin	FirstEnergy Solutions Corp.	Transmission Owner
Borgatti	Michael	Gabel and Associates	Not Applicable
Boyle	Glen	PJM Interconnection, LLC	Not Applicable
Brady	Kevin	AEP Energy Partners, Inc.	Other Supplier

Bresler	Stu	PJM Interconnection, LLC	Not Applicable
Brodbeck	John	EDP Renewables North America, LLC	Other Supplier
Brown	Rich	PJM Interconnection, LLC	Not Applicable
Bruce	Susan	McNees Wallace & Nurick LLC	Not Applicable
Bruno	Patrick	PJM Interconnection, LLC	Not Applicable
Burdis	Tim	PJM Interconnection, LLC	Not Applicable
Campbell	Bruce	EnergyConnect, Inc.	Other Supplier
Campbell	Bruce	EnergyConnect, Inc.	Other Supplier
Carmean	Gregory	OPSI	Not Applicable
Carroll	Rebecca	PJM Interconnection, LLC	Not Applicable
Chen	Jennifer	Natural Resources Defense Council	Not Applicable
Chintapalli	Raj	Galt Power Inc.	Other Supplier
Chocarro Aguirrebengoa	Iker	E.ON Climate & Renewables North America, Inc.	Generation Owner
Cocco	Michael	Old Dominion Electric Cooperative	Electric Distributor
Croop	Danielle	PJM Interconnection, LLC	Not Applicable
Cummings	Bridgid	PJM Interconnection, LLC	Not Applicable
Dailey	Michael	Northern Virginia Electric Cooperative	Electric Distributor
D'Alessandris	Lou	FirstEnergy Solutions Corp.	Transmission Owner
Daugherty	Suzanne	PJM Interconnection, LLC	Not Applicable
Davis	James	Dominion Energy Marketing, Inc.	Generation Owner
DeLosa	Joseph	DE Public Service Commission	Not Applicable
DePillo	Raymond	PSEG Energy Resources and Trade LLC	Other Supplier
DiNicola	Laura	FirstEnergy Solutions Corp.	Transmission Owner
Domian	Christin	Mitsubishi Electric Power Products Inc.	Not Applicable
Doshi	Sameer	Attorney General State of Illinois	Not Applicable
Dugan	Chuck	East Kentucky Power Cooperative, Inc.	Transmission Owner
Egan	Amanda	PJM Interconnection, LLC	Not Applicable
Emnett	Mason	NextEra Energy Power Marketing, LLC	Generation Owner
Esposito	Pati	TransCanada Power Marketing Ltd.	Other Supplier
Esterly	Theresa	PJM Interconnection, LLC	Not Applicable
Falin	Tom	PJM Interconnection, LLC	Not Applicable
Fan	Zhenyu	PJM Interconnection, LLC	Not Applicable
Farber	John	DE Public Service Commission	Not Applicable
Farmer	Miles	NRDC	Not Applicable
Feliks	Kent	Appalachian Power Company	Transmission Owner
Filomena	Guy	Customized Energy Solutions, Ltd.*	Not Applicable
Finn-Foley	Daniel	GTM Research	Not Applicable
Fitch	Neal	NRG Power Marketing LLC	Generation Owner
Foladare	Kenneth	Tangibl	Not Applicable
Fuller	Peter	NRG Power Marketing, LLC	Generation Owner

Garnett	Bryan	Duke Energy Ohio, Inc.	Transmission Owner
Gebolys	Debbie	Public Utilities Commission of Ohio (The)	Not Applicable
Gilani	Rehan	ConEdison Energy, Inc.	Other Supplier
Gledhill	Andrew	PJM Interconnection, LLC	Not Applicable
Greening	Michele	PPL Electric Utilities Corp. dba PPL Utilities	Transmission Owner
Greiner	Gary	PSEG Energy Resources and Trade LLC	Other Supplier
Griffiths	Dan	Consumer Advocates of PJM States	Not Applicable
Grubb	Rick	Newark Energy Center, LLC (Newark)	Generation Owner
Grumet	Stephanie	Capstone	Not Applicable
Guerry	Katie	EnerNOC, Inc.	Other Supplier
Hagaman	Derek	GT Power Group	Not Applicable
Hamal	Cliff	Navigant	Not Applicable
Hanser	Erik	Michigan Public Service Commission	Not Applicable
Hart	Joy	North Carolina Electric Membership Corporation	Electric Distributor
Haugh	Michael	Ohio Consumers' Counsel	End User Customer
Hausman	Ezra	Not disclosed	Not Applicable
Heise	Randi	Dominion Virginia Power	Not Applicable
Helm	Gary	PJM Interconnection, LLC	Not Applicable
Hendrix	Chris	Texas Retail Energy, LLC	Other Supplier
Hendrzak	Chantal	PJM Interconnection, LLC	Not Applicable
Herling	Steven	PJM Interconnection, LLC	Not Applicable
Hilaski	Steve	Potomac Electric Power Company	Electric Distributor
Hoatson	Tom	Riverside Generating, LLC	Other Supplier
Hohenshilt	Jennifer	Talen Energy Marketing, LLC	Generation Owner
Horning	Lynn Marie	LMH Energy	Not Applicable
Horstmann	John	Dayton Power & Light Company (The)	Transmission Owner
Horton	Dana	Appalachian Power Company	Transmission Owner
Howard	Chelsea	American Municipal Power, Inc.	Electric Distributor
Hsia	Eric	PJM Interconnection, LLC	Not Applicable
Hsia	Jennifer	NRG Power Marketing LLC	Generation Owner
Hyatt	John	Monitoring Analytics, LLC	Not Applicable
Hyzinski	Tom	Consultant	Not Applicable
Hyzinski	Tom	Talen Energy Marketing, LLC	Generation Owner
Jablonski	James	Borough of Butler, Butler Electric Division	Electric Distributor
Jacobs	Mike	Union of Concerned Scientists	Not Applicable
Jardot	Gina	Essential Power Rock Springs, LLC	Transmission Owner
Jett	William	Duke Energy Business Services LLC	Generation Owner
Johnson	Carl	Customized Energy Solutions, Ltd.*	Not Applicable
Johnson	Nick	Tenaska Power Services Co.	Generation Owner
Josyula	Siva	Monitoring Analytics, LLC	Not Applicable

Kaczanowski	Marek	Baltimore Gas and Electric Company	Transmission Owner
Karrasch	Kim	Interstate Gas Supply, Inc.	Other Supplier
Kauffman	Brian	NRG Curtailment Solutions	Other Supplier
Keech	Adam	PJM Interconnection, LLC	Not Applicable
Kenney	Susan	PJM Interconnection, LLC	Not Applicable
Kilgallen	Kevin	Avangrid Renewables LLC	Generation Owner
Kogut	George	New York Power Authority	Other Supplier
Kogut	George	New York Power Authority	Other Supplier
Kolo	Elta	GTM	Not Applicable
Kopinski	John	ITC Mid-Atlantic Development LLC	Other Supplier
Labij	Christina	EcoGrove Wind, LLC	Generation Owner
LaRocque	Matthew	PJM Interconnection, LLC	Not Applicable
Lauteri	David	Duquesne Light Company	Transmission Owner
LeBris Erffmeyer	Jacques	Illinois Citizens Utility Board	End User Customer
Lewis	Cara	Public Service Electric & Gas Company	Transmission Owner
Liang-Nicol	Cecilia	Monongahela Power Company d/b/a Allegheny Power	Transmission Owner
Libbos	Robin	FirstEnergy Solutions Corp.	Transmission Owner
Libbos	Robin	FirstEnergy Solutions Corp.	Transmission Owner
Lieberman	Steve	American Municipal Power	Electric Distributor
Lieberman	Steven	American Municipal Power, Inc.	Electric Distributor
Linton-Keddie	Shelby	Duquesne Light Company	Transmission Owner
Madea	Cortney	NRG Power Marketing LLC	Generation Owner
Mariam	Yohannes	Office of the Peoples Counsel for the District of Columbia	End User Customer
Markiewicz	Cindy	FirstEnergy Solutions Corp.	Transmission Owner
Matzen	Jeff	Dominion Retail, Inc.	Not Applicable
McAlister	Lisa	American Municipal Power, Inc.	Electric Distributor
McGlynn	Paul	PJM Interconnection, LLC	Not Applicable
Melnyk	Markian	Atlantic Grid Operations A, LLC	Other Supplier
Midgley	Sharon	Exelon Business Services Company, LLC	Transmission Owner
Miller	John	Commonwealth Edison Company	Transmission Owner
Moore	John	The Sustainable FERC Project	Not Applicable
Moroney	Victoria	Capstone	Not Applicable
Murray	Kevin	McNees Wallace & Nurick LLC	Not Applicable
Nader	Jordan	RunnerStone, LLC	Not Applicable
Norton	Chris	American Municipal Power, Inc.	Electric Distributor
Nowell	Cynthia	Delmarva Power & Light Company	Electric Distributor
O'Brien	Kevin	Leidos	Not Applicable
O'Connell	Robert	PGI Fund A/B Development, LLC	Generation Owner
Ondayko	Brock	Appalachain Power Company	Transmission Owner
Pakela	Greg	DTE Energy Trading, Inc.	Other Supplier

Patel	Keyurbhai	PJM Interconnection, LLC	Not Applicable
Patten	Kevin	Appalachain Power Company	Transmission Owner
Peoples	John	Duquesne Light Company	Transmission Owner
Perera	Asanga	PJM Interconnection, LLC	Not Applicable
Poulos	Greg	EnerNOC, Inc.	Other Supplier
Powers	Sean	Linde Energy Services, Inc.	End User Customer
Pratzon	David	GT Power Group	Not Applicable
Price	Ruth Ann	Division of the Public Advocate of the State of Delaware	End User Customer
Raab	Jonathan	Raab Associates	Not Applicable
Reynolds	John	PJM Interconnection, LLC	Not Applicable
Riopko	Eric	Exelon Generation Co., LLC	Generation Owner
Rismiller	Randy	Illinois Commerce Commission	Not Applicable
Robertson	Kathleen	Exelon Business Services Company, LLC	Transmission Owner
Rohrbach	John	Southern Maryland Electric Cooperative	Electric Distributor
Rothey	Kristin	American Municipal Power, Inc.	Electric Distributor
Rutigliano	Tom	Achieving Equilibrium LLC	Other Supplier
Salaneck	Alexandra	Monitoring Analytics, LLC	Not Applicable
Sasser	Jonathan	Customized Energy Solutions, Ltd.*	Not Applicable
Satter	Susan	Attorney General State of Illinois	Not Applicable
Scarpignato	David	Calpine Energy Services, L.P.	Generation Owner
Schneider	Jonathan	FirstEnergy Solutions Corp.	Transmission Owner
Schreim	Morris	Maryland Public Service Commission	Not Applicable
Schuyler	Ken	PJM Interconnection, LLC	Not Applicable
Scoglietti	Barbara	Tangent Energy Solutions, Inc.	Other Supplier
Seelaus	Timothy	EMC Development Company, Inc.	Other Supplier
Shanker	Roy	H.Q. Energy Services (U.S.), Inc.	Other Supplier
Sillin	John	The Federal Energy Regulatory Commission	Not Applicable
Stadelmeyer	Rebecca	PJM Interconnection, LLC	Not Applicable
Stern	Alexander	Public Service Electric & Gas Company	Transmission Owner
Sutjandra	Yohan	University of Texas	Not Applicable
Swalwell	Brad	Tangent Energy Solutions, Inc.	Other Supplier
Sweeney	Rory	RTO Insider	Not Applicable
Tatum	Edward	American Municipal Power	Electric Distributor
Theodore	Sharon	Electric Power Supply Association	Not Applicable
Thomson	Heather	Mid-Atlantic Renewable Energy	Not Applicable
Trayers	Barry	Citigroup Energy, Inc.	Other Supplier
Tribulski	Jennifer	PJM Interconnection, LLC	Not Applicable
Tsao	Stephanie	SPGlobal	Not Applicable
Tudor	Daniel	Potomac Electric Power Company	Electric Distributor
VanderLaan	D. William	Illinois Commerce Commission	Not Applicable

Vayda	Brian	Borough of Park Ridge, NJ	Electric Distributor
Wadsworth	Joseph	Vitol Inc.	Other Supplier
Ward	Michael	PJM Interconnection, LLC	Not Applicable
Weiss	Glenn	PJM Interconnection, LLC	Not Applicable
Whitehead	Jeffrey	GT Power Group	Not Applicable
Wicks	Tonja	Duquesne Light Company	Transmission Owner
Wilhite	Chad	FirstEnergy Solutions Corp.	Transmission Owner
Williams	Amber	New York State Electric & Gas Corporation	Other Supplier
Wilmoth	Emily	Dominion Virginia Power	Not Applicable
Wilson	James	Wilson Energy Economics	Not Applicable
Wisersky	Megan	Madison Gas & Electric Company	Other Supplier
Yang	Ruoyun	London Economics International	Not Applicable
Yu	Joel	Rockland Electric Company	Transmission Owner