What's Next for PJM's Capacity Market:

Market Implications and Effect on State Policies in the Wake of FERC's Expanded MOPR Decision

National Association of Regulatory Utility Commissioners (NARUC) Winter Policy Summit, February 10, 2020, featuring NRG's VP of Regulatory Affairs, Travis Kavulla

The Conversation

As states increasingly promote renewable energy and zero or low-carbon emissions resources, FERC's directive to PJM to expand its price floor to all resources in the capacity market caught many by surprise.

- Can competitive markets continue to deliver value if a growing number of state-subsidized resources seek to participate in the Reliability Pricing Model?
- What can be done to advance and accommodate state policies favoring emissions reduction and to ensure that clean and renewable energy targets are met?

Our Thoughts:

The FERC Order forces accountability and transparency:

- The PJM capacity markets and competitive markets have provided reliability at lowest costs to consumers
- PJM's revised Minimum Offer Price Rule does impact the markets that renewables primarily rely upon to earn revenue
- FERC's order restore balance within the competitive energy marketplace by creating a more level playing field between subsidized and non-subsidized generation

A Forward Clean Energy Market (FCEM) Can Deliver Renewable Investment at Scale:

- Compatible with today's competitive market principles and technology-neutral, a FCEM would incentivize renewable development while shifting cost and risk to Wall Street, instead of consumers
- FCEM prioritizes giving consumers the freedom to purchase the source of power that aligns with their values
- This competitive approach would ensure the most clean energy development at the lowest price possible

For more on FCEM go to: brattle.com and search FCEM

"I urge state legislators to use market-based approaches to accomplish clean energy policies, rather than making the consumers you are responsible for pay more than they should."
– Travis Kavulla, VP Regulatory Affairs, NRG Energy

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