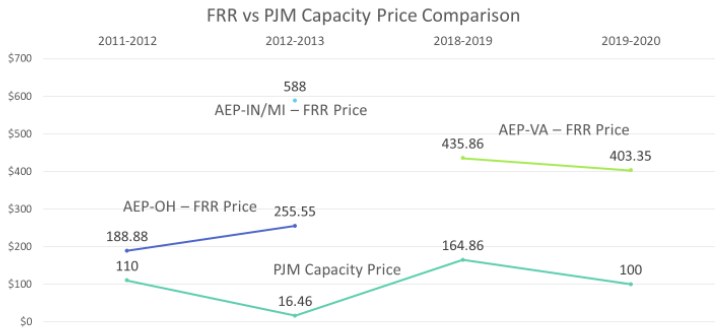
Fixed Resource Requirement

Utilities in PJM are touting FRR as a panacea for achieving state clean energy goals. History has proven these claims to be misleading at best. It's important you have the facts.

FRR is a bad deal for customers.

- Forces customers to pay more to maintain reliability.
- Shifts financial risk from Wall Street to customers.
- Locks customers into a local monopoly.



Customers in FRR markets in OH and VA have paid up to 4 times more than the rest of the customers in PJM for capacity.

FRR stifles competition & inhibits innovation.

- FRR bars competitive entry that has occurred through power auctions.
- The incumbent utility (or state agency) chooses the resources, technology, and location it deems appropriate – to the exclusion of other, possibly cheaper and more environmentally friendly resources.
- FRR drastically limits the resource options and the pool of customers who pay for those resources while increasing the risk on FRR customers of resource non-performance.

FRR decreases reliability.

- FRR utilities "free ride" on the benefits of reliability procured on behalf of those buying from the PJM capacity auction.

The Bottom Line

- FRR would be a major reversal of the economic benefits that regional, competitive markets provide customers.
- FRR is a misguided localized approach to a regional problem.
- Demand response, battery storage, and other innovative distributed energy resources have seen faster adoption through the competitive PJM capacity auction than monopolistic FRR policies.
- Meeting state clean energy goals requires a new, innovative approach designed for the 21st century – like the Forward Clean Energy Market.

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