



# **PJM Resource Adequacy Workshop #2**

## *Principles*

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Board of Public Utilities Staff  
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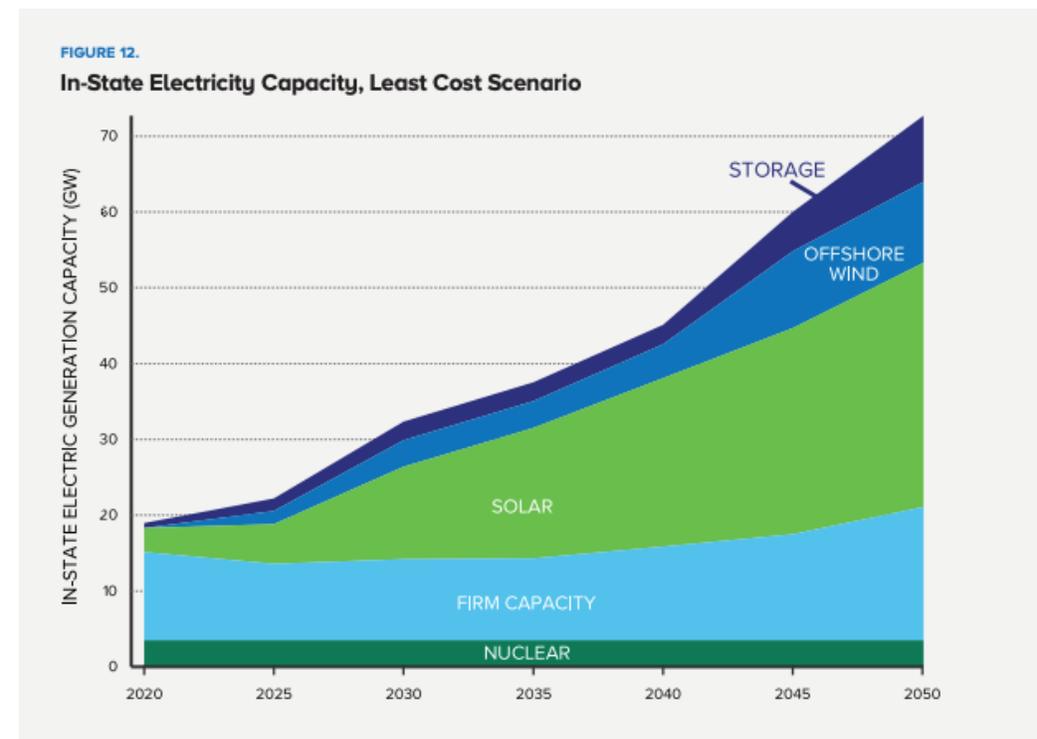
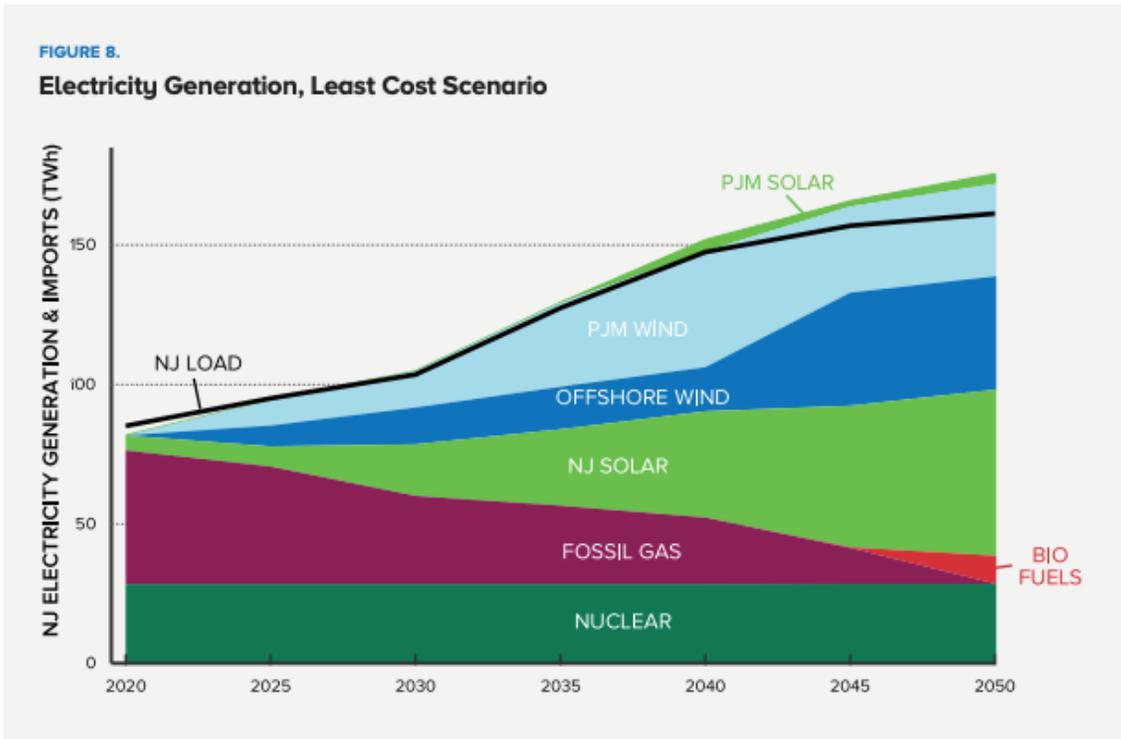
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# What Problem are We Trying to Solve?

States should not be forced to choose between clean energy goals and retaining the enormous benefits of PJM's competitive markets as they meet 100% clean energy targets.



\* Figures from New Jersey Energy Master Plan, at pages 49, 54.



# Do You Agree that We Should Be Attempting to Advance This Discussion at This Time?

- **Yes**
- PJM Stakeholders should not miss this moment of opportunity to;
  - » Fix what's broken with RPM.
  - » Move Markets to facilitate broader clean energy goals.
- Sequencing is important to retain momentum.
  - » Swift repeal of MOPR is critical.
- MOPR repeal should not undermine opportunity to address broader problems identified.
  - » Stakeholders should work towards a *sustainable* and *reliable* future market design.



# Principles for Possible Enhancements

- Building on Principles from OPSP's January 8, 2021 Letter, New Jersey Staff recommends the following:
  - › The PJM markets must remain reliable as we transition to 100% clean.
  - › The PJM markets should facilitate affordable achievement of State clean energy requirements.
  - › Any capacity market reforms should be consistent with a federal clean energy standard.
  - › The merchant investment model should be preserved.
  - › Reliability Must Run or emergency procurements should remain the exception.



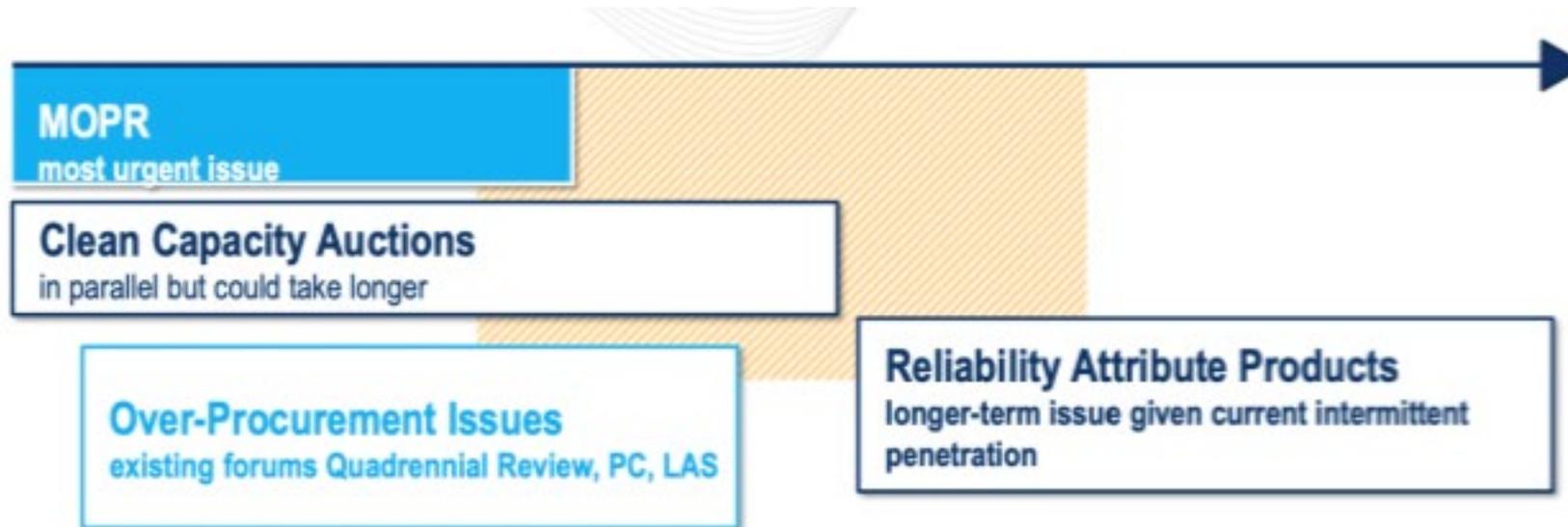
# Translating Our Principles into Market Design Objectives

- The capacity market must allow States to specify how much clean generation PJM purchases through the capacity market to serve the state's load;
- The capacity market should allow States to specify how much of a premium they are willing to pay to replace emitting resources with clean resources;
- PJM should facilitate State efforts to procure clean energy in a forward time-frame, on a technology-neutral basis, to meet clean energy mandates at the lowest cost to consumers; and
- PJM must address its addiction to over-procurement, while maintain reliability & meeting electrification-driven load growth.



# Prioritization

- MOPR repeal should be a given.
- MOPR is not the end of the conversation.
  - › PJM Stakeholders should pursue a long-term sustainable capacity market structure.



\*Figure from PJM Capacity Market – Session 1 Slides, at page 40.



# Prioritization, Takeaways

1. A market structure that enables achievement of 100% clean energy future – for states that want it – should be the goal.
2. Repeal of MOPR is a necessary step, but is not a substitute for achieving #1.
3. Any short-term solutions must proceed in parallel with long-term market reforms.



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