



July 7, 2021

Via Electronic Delivery

Dear Members:

This correspondence represents the successful conclusion of the Critical Issue Fast Path (CIFP) accelerated stakeholder process to address long-standing concerns over the PJM capacity market's Minimum Offer Price Rule (MOPR).

First, the Board would like to sincerely thank the many stakeholders who invested time and energy to provide essential diversity of thought throughout the CIFP process. We view the stakeholder process as a true strength of the organization, as it provides a venue for viewpoints from across the industry to be heard and deliberated upon.

The PJM Board has decided to instruct PJM management to prepare the PJM proposal for filing with the Federal Energy Regulatory Commission (FERC). The PJM Board selected this proposal because we believe it accommodates state policy and self-supply business models, addresses attempted exercises of buyer-side market power, and creates a sustainable market design by keeping clearing prices consistent with supply and demand fundamentals. Further, the PJM proposal received overwhelming Member support, as well as support from state commissions. The PJM proposal received the highest sector-weighted vote tally of any of the proposals, and received the highest sector-weighted vote tally in each sector.¹

As part of its deliberations, the PJM Board discussed several of the matrixed and topical items, including but not limited to:

- The request for delay to file MOPR reform
- Net CONE as compared to Net ACR as the basis of the MOPR
- Creation of an emerging technologies MOPR exemption
- Considerations related to self-supply proposals
- Increased reporting on auction results

However, because any amendments to the PJM proposal could alter the Members' intent as expressed in the vote, the PJM Board elected to proceed with the PJM proposal as presented in CIFP Stage 4. The PJM Board reiterates the importance of all of the issues related to the capacity market as outlined in our April 6 correspondence, and looks forward to our stakeholders promptly addressing these issues in Phase 2 of these capacity market discussions.

Again, the PJM Board sincerely appreciates the stakeholders' dedication to the CIFP. PJM will proceed with diligence to make a FERC filing in accordance with this decision.

Sincerely,

Mark Takahashi

Mark Takahashi
Chair, PJM Board of Managers

¹ In the End-Use Customer sector, both the PJM proposal and the proposal from the Delaware Division of the Public Advocate received a 1.00 vote, which is the highest possible vote tally in each sector.