Some States Will Require a Year to Respond to FERC’s MOPR Order

Under PJM’s suggested schedule, the next capacity auction will occur before states can react to the MOPR Order
A. FRR election due to PJM
B. FRR capacity plan due to PJM
C. 2022/2023 Auction Opens

States with clean energy or self-supply programs are at-risk
- State action to develop an FRR will take ~12 months after the FERC order on PJM compliance filing
- Auction rules will be uncertain until FERC acts on PJM’s compliance filing (anticipated in May)
- PJM’s suggested schedule provides insufficient time for state actions before auction process begins

Reliability and resource adequacy are not at risk
- Current Reserve Margin is ~22% (vs. a target of ~15%)
- New entry projected at 10-12 GW in next four years
- Five GW of new CCGTs are already under construction

PJM should accommodate all states by scheduling the next auction with reasonable time for legislative/regulatory action to avoid over-payment by consumers under the new MOPR
PJM Feedback

- PJM should set the 2022/23 BRA for ~12 months after the compliance order to provide ample time for states to undertake legislative and regulatory reforms to develop FRRs.

- PJM should explicitly map out all actions that qualify and disqualify a resource for a Competitive Exemption, particularly given the new application to existing resources.

- PJM’s compliance filing should clarify that renewable resources certifying that sale of RECs to an end-user or intermediary not used for compliance purposes do not subject the resource to the MOPR and that the resource is eligible for a Competitive Exemption (*Compare, Order P. 70 and Order P. 176*).

- PJM’s compliance filing should clarify that established utility DR/EE programs in retail choice states are “existing” resources despite daily customer switching.

- PJM’s compliance filing should clarify that RGGI does not confer an actionable subsidy to any resources.

- FRR changes are not within the scope of the compliance filing.