

PJM Power Providers

Perspectives on December 19,
2019 Capacity Order

THE P³
GROUP

January 8, 2020

Positive Aspects of the Order

The Order is an unambiguous affirmation of the value of PJM's competitive capacity construct and the Commission's strong desire to preserve the benefits of it.

The Order sends a clear message that the Commission maintains its view that certain state subsidies undermine the benefits of competitive capacity markets and render wholesale rates unjust and unreasonable unless mitigated.

Challenges Associated with the Order

- 1. Explaining what it means**
- 2. Interpreting FERC's definition of Subsidy**
- 3. Implementing the revised Unit Specific Review Process**
- 4. Coordinating with the Market Monitor**

Recommendations to PJM

- 1. Implement the Order – FERC sent a strong message; PJM should listen to it.**
- 2. Resume BRA's ASAP.**
- 3. Help reverse the misinformed interpretations.**
- 4. Promote transparency so market participants have confidence in process moving forward.**