



MOPR and PJM's Future

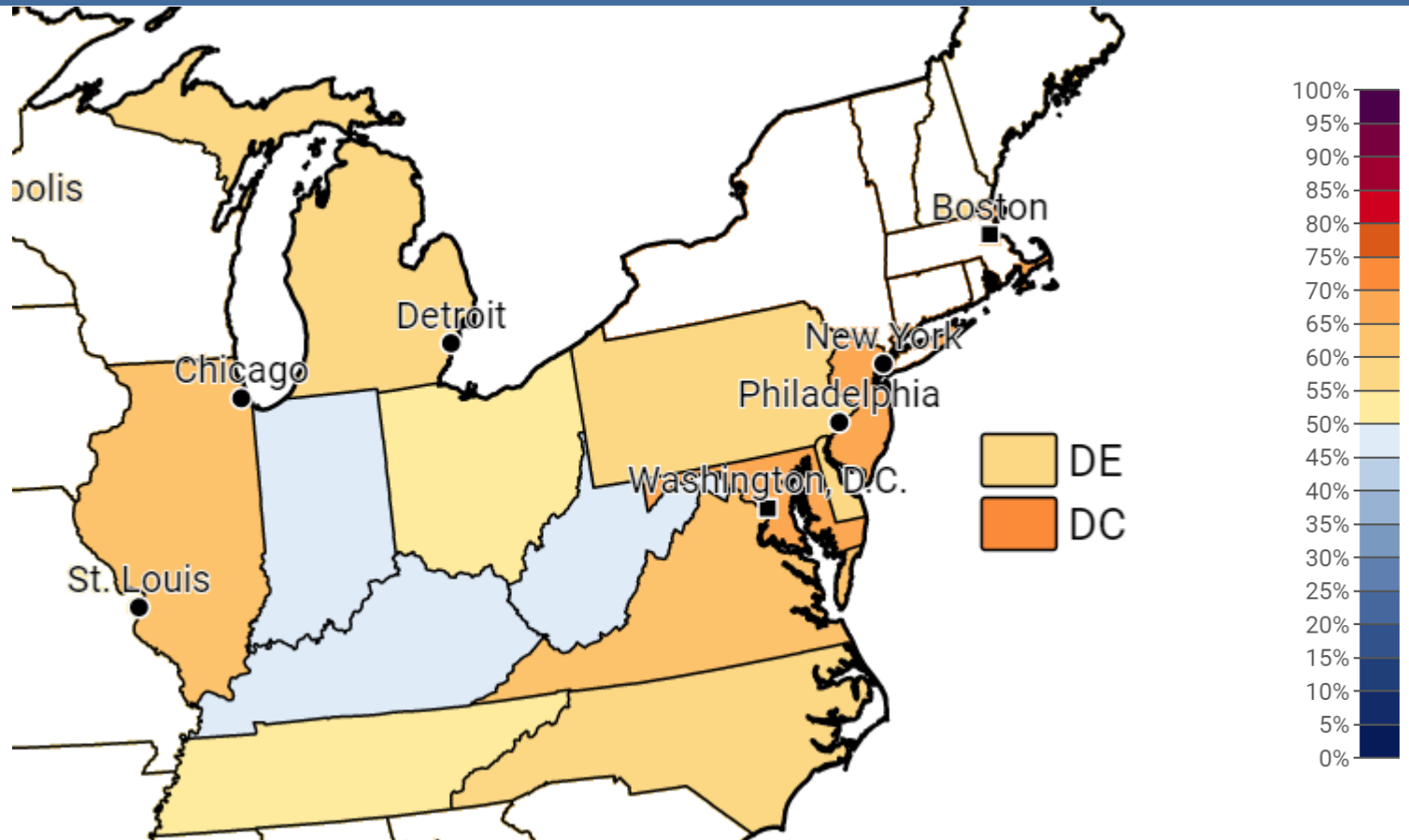
January 8th, 2020

Markets Implementation Committee



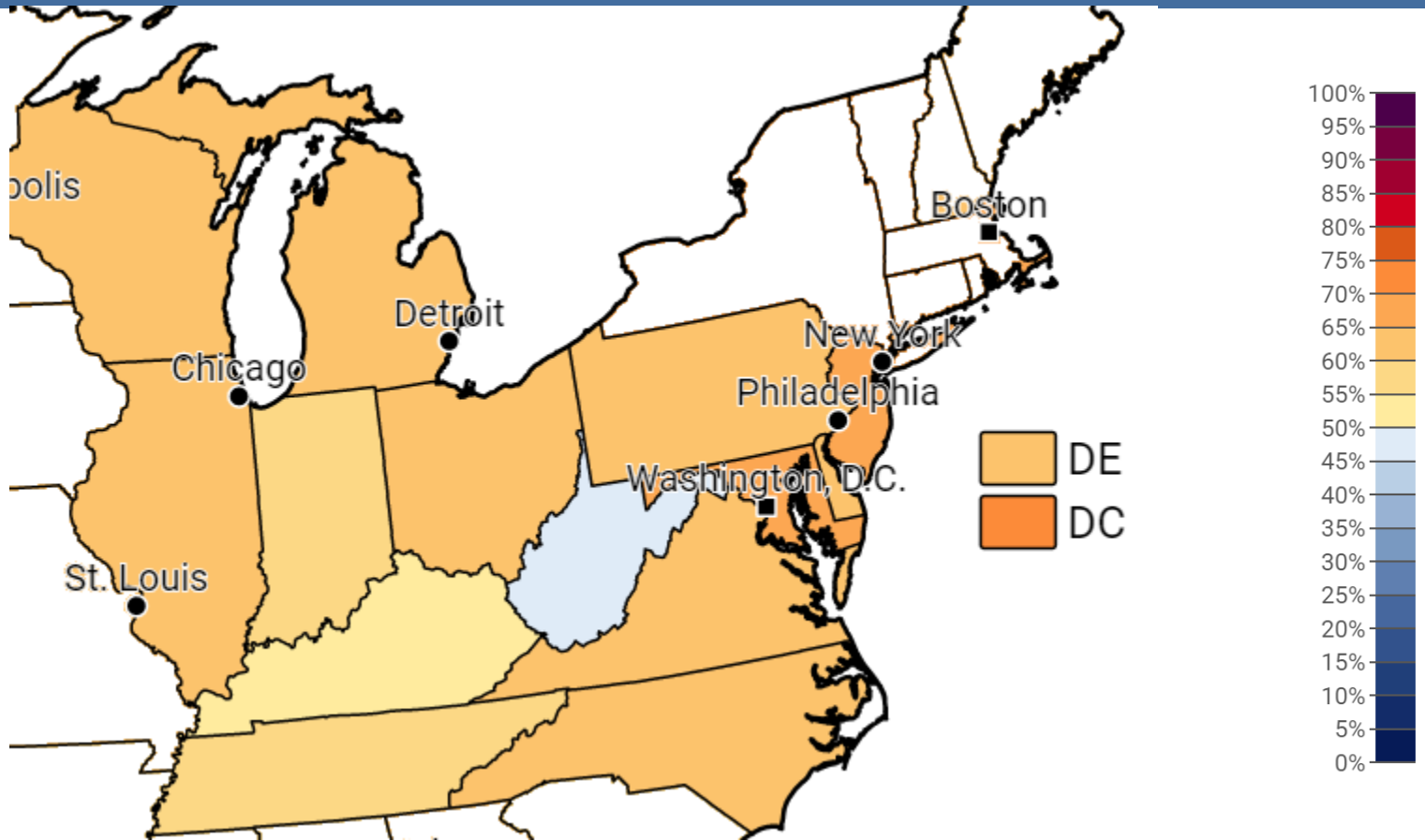
NRDC

Percent of Adults Worried About Climate Change



In ten PJM states plus DC, a majority of adults are worried about climate change.

Percent of Adults Supporting 20% RPS

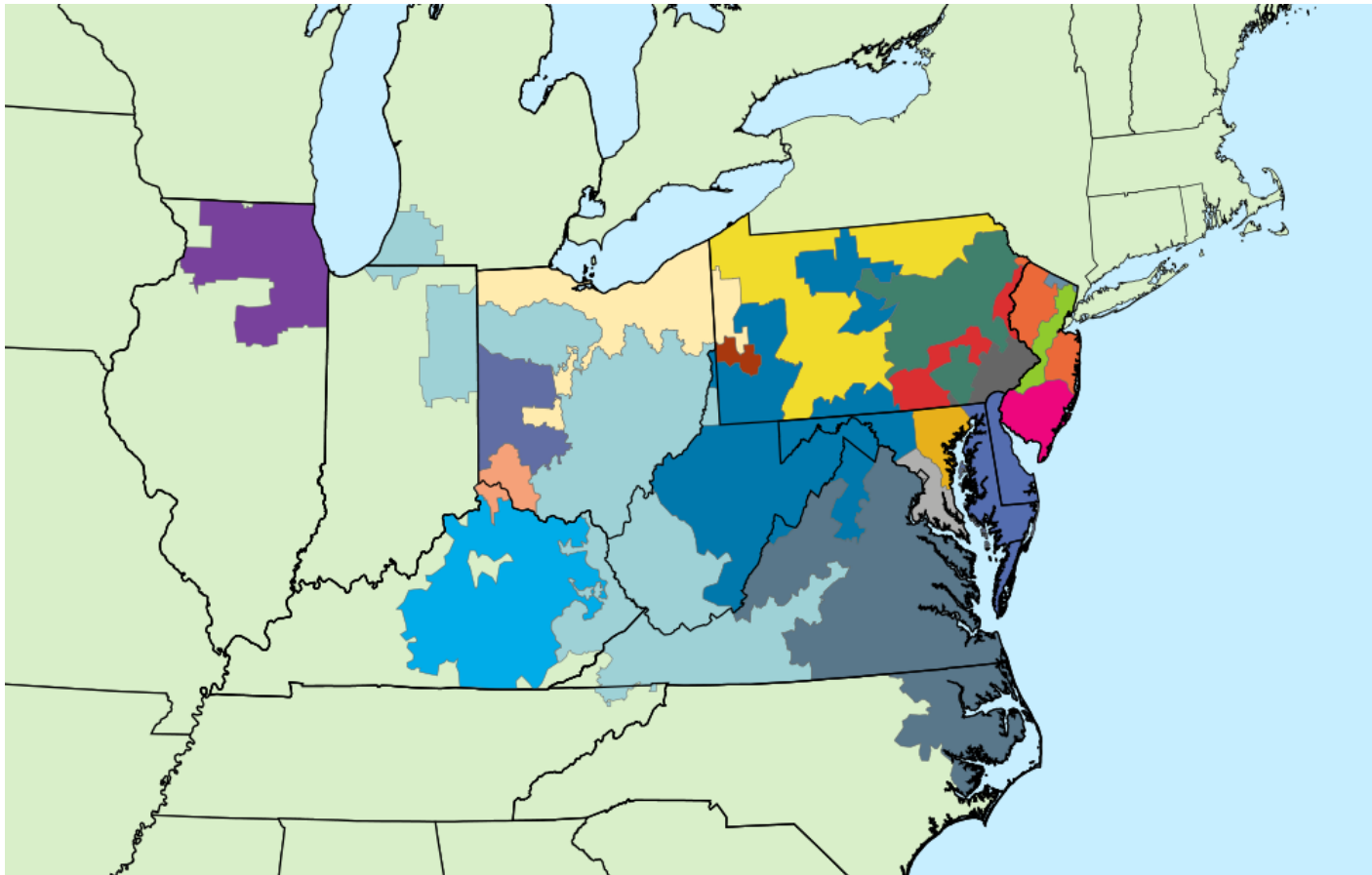


A majority of adults support a 20% RPS in 12 PJM states and DC

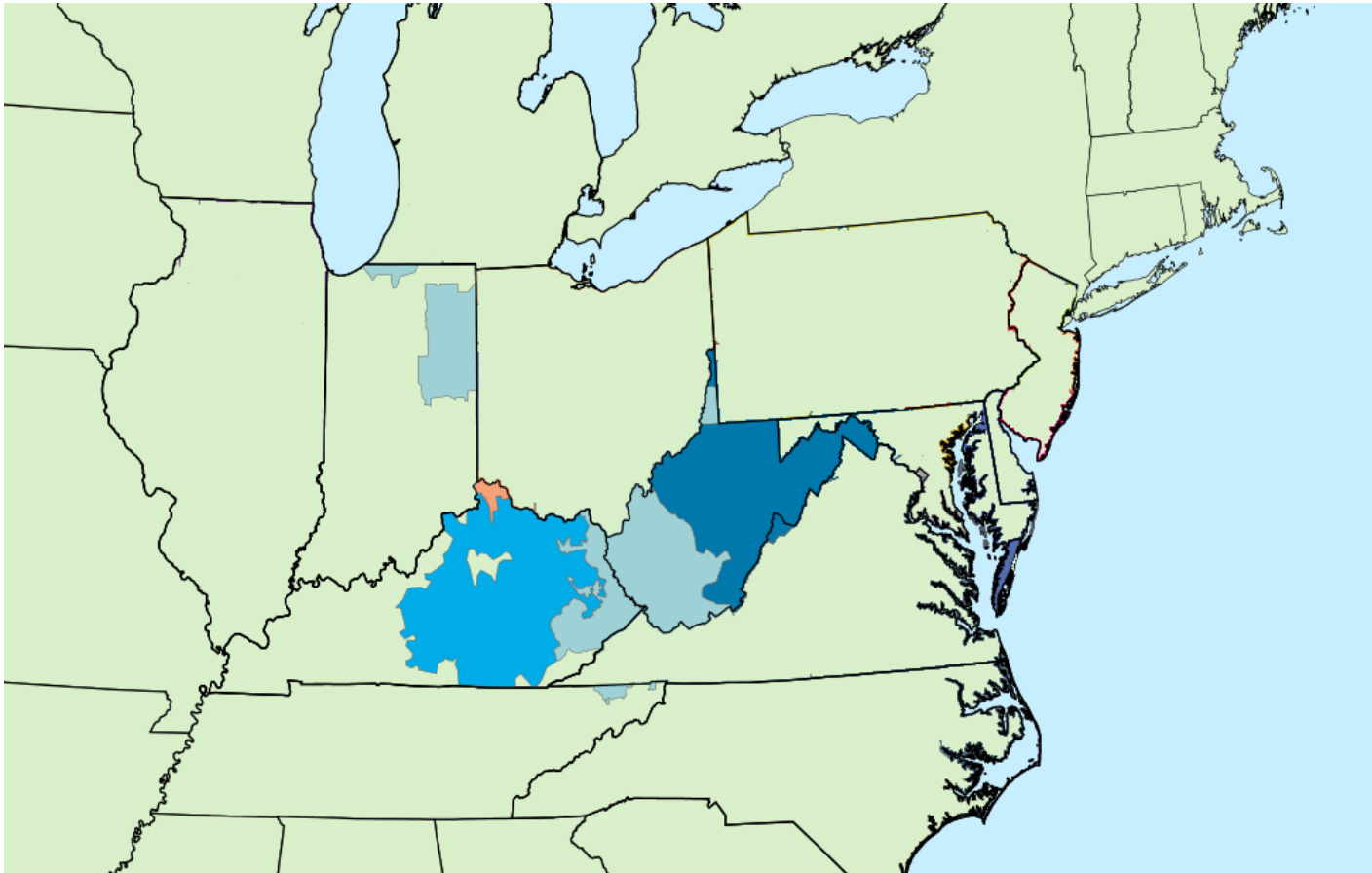
Source: Yale Climate Opinion Maps 2019³



PJM Service Area



PJM Service Area without Clean Energy Mandates



Decarbonization is here

- Electoral support for a low-carbon power grid is firmly established in most PJM states.
- Clean power enjoys surprisingly wide bipartisan support.
- Ten PJM states/cities have Renewable Portfolio Standards.
- Three PJM states/cities have 100% clean power goals.
- Three PJM states have laws supporting nuclear power.

Most PJM states will transition to low carbon sources of power. The MOPR threatens to make PJM irrelevant during this transition.

To preserve the benefits of wholesale power markets, PJM must act to mitigate the harm caused by the MOPR and find ways to accommodate states' clean energy policies.

Short-term Actions

Immediate: use all legal remedies.

- PJM should request rehearing and, if denied, seek appellate review of the MOPR order.

For Compliance Filing: minimize harm.

- Set auction timing to allow exercise of FRR option.
- Update RPM planning parameters to reflect reliability value of uncleared capacity.
- Do-no-harm approach for DR, EE.
- Preserve voluntary REC purchases.

Medium-term Actions

Fix, shrink, and ultimately end RPM:

- Correct causes of chronic RPM overprocurement and overpricing.
- Provide all PJM entities—states, LSEs, EDCs, public power, end-use customers—a clean path to exiting RPM while otherwise remaining in PJM.
- Develop an alternative resource adequacy structure and retire PJMs capacity market.