FERC Should Strengthen Competition and Support Market-Driven Clean Energy Approaches

Electric Power Supply Association and P3 Seek Clarification on FERC’s PJM Capacity Market Ruling

Washington, D.C. – The Electric Power Supply Association (EPSA) and PJM Power Providers Group (P3) today asked the Federal Energy Regulatory Commission (FERC) to clarify and strengthen its December 19 Order on PJM Interconnection’s capacity market, while commending the Commission for taking needed action in support of competitive electricity markets and customers.

Importantly, EPSA and P3 encouraged FERC to ensure that state programs like the Regional Greenhouse Gas Initiative (RGGI) and other market-driven approaches such as private contracts for Renewable Energy Credits (RECs) are not subject to PJM’s Minimum Offer Price Rule (MOPR). The coalition of competitive power suppliers also asked the Commission to reconsider its finding that resources receiving certain federal subsidies should not also be subject to the price floor.

“Like FERC, we know that consumers win when companies compete,” said EPSA President and CEO Todd Snitchler. “EPSA commends the Commission for taking decisive and much-needed action to uphold the many benefits of PJM’s capacity market—and for sending a strong signal in support of competitive power markets and customers everywhere.”

EPSA and P3 note in their joint filing that three elements would improve outcomes for consumers, reliability, and the environment:

1. **Address Impacts of Federal Subsidies**: EPSA and P3 seek only limited rehearing on one element of the Order, with the request that FERC reconsider its finding that no federal subsidies of any kind will be taken into consideration in determining whether a resource should be subject to the MOPR. EPSA and P3 do not argue that the Commission must expand the MOPR to address all federal subsidies, only that the Commission erred in declining to expand it to address any federal subsidies. This request is consistent with EPSA’s past opposition to federal subsidies for uneconomic coal and nuclear resources.

2. **Uphold Exemptions for Market-Based Clean Energy Programs**: EPSA and P3 highlight that clean energy programs such as RGGI appropriately price environmental impacts in a way that applies to all resources while also aligning with a competitive market design. EPSA and P3 also ask the Commission to allow PJM to create a process to ensure that voluntary, bilateral transactions, such as those for RECs, are not subject to the MOPR.

3. **Future Consideration of FRR Alternative**: EPSA and P3 ask FERC to clarify that its Order did not address issues related to the application of PJM’s FRR Alternative.
EPSA, which represents competitive power generators that provide reliable, cost-competitive electricity from a range of resources including wind and solar, has emphasized that actions to uphold market integrity and reliability do not stand in the way of clean energy goals, nor do they pit renewable resources against incumbent fuels.

“EPSA supports efforts to combat climate change through transparent, open, and nondiscriminatory competitive markets, such as an economy-wide price on carbon, that allow all resources to compete to reduce carbon and other harmful emissions,” said Snitchler. “We firmly believe that there are market-compatible policy options available to states that will allow them to pursue their state policy initiatives without being impacted by this order.”

“A 20-year track record shows competitive wholesale markets and regional coordination provide the best path to sustainable environmental progress without harming reliability or unfairly burdening American families and businesses,” Snitchler continued. “Pulling out of wholesale markets or clinging to a costly, inefficient patchwork of state policies are options states and taxpayers can’t afford. We welcome partners ready to engage in a serious, fact-focused conversation as we build a durable market design that balances our environmental, economic, and reliability goals.”

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The Electric Power Supply Association (EPSA) is the national trade association representing competitive power suppliers in the U.S. EPSA members provide reliable and competitively priced electricity from environmentally responsible facilities using a diverse mix of fuels and technologies including natural gas, wind, solar, hydropower, geothermal, storage, biomass, and coal. EPSA seeks to bring the benefits of competition to all power customers.

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