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Competitive Power Generators Join Renewables, Environmental Advocates Urging FERC Attention to Resolve PJM Capacity Market Issues

EPSA Joins “Competitive Markets Coalition” Calling on FERC to Act Quickly to Help PJM Markets Resume Normal Business; Hold Base Residual Auction

Washington, D.C. – Timely action from the Federal Energy Regulatory Commission (FERC) is needed to inform critical power generation development decisions and investments impacting 65 million electricity customers in 13 states and the District of Columbia, according to a letter sent to the commission today by a large group of diverse energy and environmental stakeholders.

The Electric Power Supply Association (EPSA) signed onto the letter as part of the “Competitive Markets Coalition,” which includes 34 signatories representing power generation companies, the National Resources Defense Council, and trade associations and wind and solar developers including the Solar Energy Industries Association and the American Wind Energy Association.

The letter comes at a key moment following a December 2019 FERC order with significant implications for how power generation is purchased and secured for customers in the PJM region. PJM yesterday submitted its compliance filing to FERC. The filing details how the grid operator will implement the commission’s directive, which sought to ensure subsidized power providers don’t damage PJM’s capacity market and enjoy an unfair advantage by submitting bids lower than their true costs.

EPSA represents competitive power suppliers, which own and operate more than 150,000 MW of power generation capacity across the U.S. from all resources including natural gas, coal, nuclear, battery storage, and renewables such as wind, solar, biomass, hydropower, geothermal. EPSA members build and invest in reliable power generation including renewable projects without taxpayer funded subsidies or a guaranteed return on investment through a captive ratepayer structure—keeping them accountable for efficient, timely, and on-budget operations.

In signing the letter, EPSA president and CEO Todd Snitchler noted, “FERC stood up for consumers and fair competition when it issued its December order. It also set a stronger foundation for meaningful, regional efforts to reduce carbon emissions and introduce cleaner energy technology at a cost Americans can afford. Market competition in PJM has delivered emissions reductions and billions of dollars in annual cost savings for customers, while its capacity market ensures reliable power is on hand when needed.”

He continued, “The diversity of this coalition underscores the importance of competitive market processes for power generation and the need to hold the long-delayed Base Residual Auction. Over the past three months, PJM has collected extensive and thorough input from all market stakeholders to inform its compliance filing. Renewable developers have noted that PJM’s thoughtful approach, including tools like the unit-specific exemption process, has given them a roadmap to move ahead with
low cost projects. Now, FERC must act as soon as possible to approve PJM’s plan and allow the organization to hold the auction—which provides essential data for power providers to move forward with projects and retirements, as well as for states making major energy policy decisions.”

Non-subsidy receiving competitive power providers participating in PJM’s capacity market, where participants submit bids to provide power at a certain price at a future date, rely on market signals to decide which resources and plants to maintain, upgrade or retire and when and where to invest in new resources in technology. Accurate signals and fair competition keep generators accountable for providing least cost resources needed for reliability. As lower emitting fuels like natural gas and onshore wind and solar resources grow increasingly cheap, these market signals and competition will put more of those resources on the market—meaning consumers get cleaner energy without subsidies or unnecessarily high costs. Renewable developers and environmental advocates have touted the benefits of competition to advance clean energy—as compared with a less flexible monopoly utility regime.

The letter signers note, “While members of the Competitive Markets Coalition have different views of the December 19 FERC Order, PJM’s March 18th compliance filing and different perspectives on capacity markets in general, we are united in the belief that the cycle of capacity market auctions needs to be restored as quickly as possible. The auction delays that have occurred to date have caused disruptions to the market certainty that is essential to PJM’s and its members’ success.”

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The Electric Power Supply Association (EPSA) is the national trade association representing America’s competitive power suppliers. EPSA members provide nearly 150,000 MW of 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. Learn more at [www.epsa.org](http://www.epsa.org) and connect with us on [LinkedIn](https://www.linkedin.com) and Twitter [@EPSAnews](https://twitter.com/EPSAnews).