What's Next for PJM's Capacity Market:

Market Implications and Effect on State Policies in the Wake of FERC's Expanded MOPR Decision

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The Conversation

As states increasingly promote renewable energy and zero or low-carbon emissions resources, FERC's directive to PJM to expand its price floor to all resources in the capacity market caught many by surprise.

- Can competitive markets continue to deliver value if a growing number of state-subsidized resources seek to participate in the Reliability Pricing Model?
- What can be done to advance and accommodate state policies favoring emissions reduction and to ensure that clean and renewable energy targets are met?

Our Thoughts:

The FERC Order forces accountability and transparency:

- The PJM capacity markets and competitive markets have provided reliability at lowest costs to consumers
- PJM's revised Minimum Offer Price Rule does impact the markets that renewables primarily rely upon to earn revenue
- FERC's order restore balance within the competitive energy marketplace by creating a more level playing field between subsidized and non-subsidized generation

A Forward Clean Energy Market (FCEM) Can Deliver Renewable Investment at Scale:

- Compatible with today's competitive market principles and technology-neutral, a FCEM would incentivize renewable development while shifting cost and risk to Wall Street, instead of consumers
- FCEM prioritizes giving consumers the freedom to purchase the source of power that aligns with their values
- This competitive approach would ensure the most clean energy development at the lowest price possible

For more on FCEM go to: brattle.com and search FCEM

"I urge state legislators to use market-based approaches to accomplish clean energy policies, rather than making the consumers you are responsible for pay more than they should."
– Travis Kavulla, VP Regulatory Affairs, NRG Energy

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