Fixed Resource Requirement

Utilities in PJM are touting FRR as a panacea for achieving state clean energy goals. History has proven these claims to be misleading at best. It's important you have the facts.

FRR is a bad deal for customers.

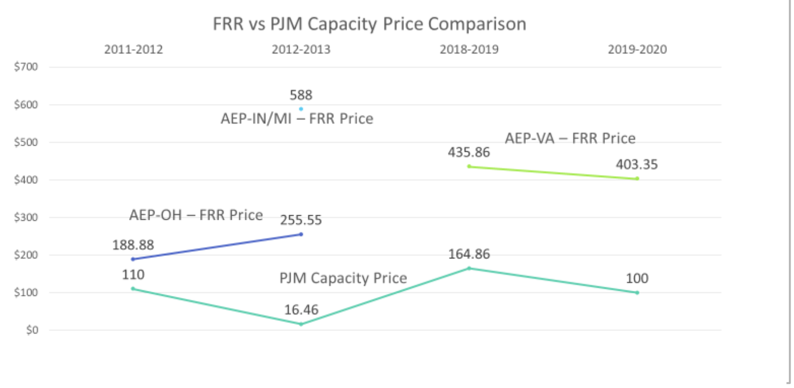
- Forces customers to pay more to maintain reliability.
- Shifts financial risk from Wall Street to customers.
- Locks customers into a local monopoly.

FRR stifles competition & inhibits innovation.

- FRR bars competitive entry that has occurred through power auctions.
- The incumbent utility (or state agency) chooses the resources, technology, and location it deems appropriate – to the exclusion of other, possibly cheaper and more environmentally friendly resources.
- FRR drastically limits the resource options and the pool of customers who pay for those resources while increasing the risk on FRR customers of resource non-performance.

FRR decreases reliability.

- FRR utilities "free ride" on the benefits of reliability procured on behalf of those buying from the PJM capacity auction.



Customers in FRR markets in OH and VA have paid up to 4 times more than the rest of the customers in PJM for capacity.

The Bottom Line

- FRR would be a major reversal of the economic benefits that regional, competitive markets provide customers.
- FRR is a misguided localized approach to a regional problem.
- Demand response, battery storage, and other innovative distributed energy resources have seen faster adoption through the competitive PJM capacity auction than monopolistic FRR policies.
- Meeting state clean energy goals requires a new, innovative approach designed for the 21st century – like the Forward Clean Energy Market.

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