



# NEWS RELEASE

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Docket Nos. EL16-49-000, EL18-178-000

## FERC Directs PJM to Expand Minimum Offer Price Rule

The Federal Energy Regulatory Commission (FERC) today acted to protect the competitive capacity market administered by PJM Interconnection, L.L.C. (PJM) by directing PJM to expand its current Minimum Offer Price Rule (MOPR) to address state-subsidized electric generation resources, with certain exemptions.

Today's action reaffirms and builds on FERC's June 29, 2018, order, which found that out-of-market payments provided, or required to be provided, by PJM states to support operation of certain generation resources threaten the competitiveness of PJM's capacity market. That order ruled PJM's open access transmission tariff is unjust and unreasonable because the MOPR failed to address the price-distorting impact of resources receiving out-of-market support.

"FERC is affirming our obligation to safeguard the competitiveness of the PJM capacity market," FERC Chairman Neil Chatterjee said. "I recognize, and wholeheartedly respect and support, states' exclusive authority to make choices about the types of generation they support and that get built to serve their communities. They still can do so under this order.

"But the Commission has a statutory obligation, and exclusive jurisdiction, to ensure the competitiveness of the markets we oversee," Chatterjee added. "An important aspect of competitive markets is that they provide a level playing field for all resources, and this order ensures just that within the PJM footprint."

PJM now has 90 days to comply with the order, and at that time is to provide the Commission with a new timeline for the next auction.

### Today's PJM MOPR Order At A Glance

- FERC built on PJM's April 2018 MOPR-Ex proposal to address the impact of state subsidies on the wholesale capacity market.
- FERC directed PJM to expand its MOPR to apply to any new or existing resource that receives, or is entitled to receive, a state subsidy, unless an exemption applies.
- FERC outlined the following exemptions from the expanded MOPR:
  - Existing renewable resources that are participating in state renewable portfolio programs;
  - Existing demand response, energy efficiency, and storage resources;
  - Existing self-supply resources; and
  - Competitive resources that do not receive state subsidies.

(more)

- FERC provided additional guidance regarding exemptions:
  - A new or existing resource that does not otherwise qualify for an exemption may seek a unit-specific exemption.
  - The expanded MOPR only applies to state-subsidized resources. Resources with federal subsidies will not be subject to the MOPR.
  
- FERC defined subsidies as:
  - A direct or indirect payment, concession, rebate, subsidy, non-bypassable consumer charge, or other financial benefit that is (1) a result of any action, mandated process, or sponsored process of a state government, a political subdivision or agency of a state, or an electric cooperative formed pursuant to state law, and that (2) is derived from or connected to the procurement of (a) electricity or electric generation capacity sold at wholesale in interstate commerce, or (b) an attribute of the generation process for electricity or electric generation capacity sold at wholesale in interstate commerce, or (3) will support the construction, development, or operation of a new or existing capacity resource, or (4) could have the effect of allowing a resource to clear in any PJM capacity auction
  
- FERC adopted an expanded MOPR rather than PJM's Resource Carve-Out (RCO) and Extended RCO proposals. FERC determined that those proposals would unacceptably distort the markets, inhibiting incentives for competitive investment in the PJM market over the long term. PJM's longstanding Fixed Resource Requirement Alternative remains unchanged in the PJM tariff.
  
- FERC gave PJM 90 days to comply.
  - PJM is to provide new auction timelines on compliance.