~~Assess state actions~~Out-of-Market Actions and the PJM capacity construct

Problem / Opportunity Statement

The Reliability Pricing Model (RPM) became effective in 2007. The initial version of this resource adequacy construct was the result of intense multiparty negotiations among the PJM stakeholders and PJM during the settlement process at the Federal Energy Regulatory Commission.

Ten years later, RPM has continually evolved either in reaction to unforeseen events or as part of design improvements.

In 2015 and 2016, RPM was again challenged by unforeseen events, specifically the power purchase agreements in Ohio and the zero emission credits in Illinois, as some states and load-serving entities attempt to take a more active role in guiding the resource mix and that others view as out of market threats to RPM. Complaints were filed at both the state and federal levels, and PJM and affected parties have asked for various levels of relief ranging from imposing the Minimum Offer Price Rule (MOPR) on existing generation to requiring PJM to make a compliance filing to address this problem, to dismissing the complaint.

As with the scenario described above, the failure to successfully anticipate these occurrences resulted in important policy debates circumventing the PJM stakeholder process and going directly to litigation at FERC. The sponsors of this Problem Statement believe the stakeholder process forum is the appropriate place for these discussions. It is apparent to the Problem Statement sponsors that each state may take actions to meet its environmental, political and policy objectives that could affect RPM.

The PJM community through its stakeholder process needs to proactively embark on an assessment of RPM to ensure potential ~~state action objectives~~out-of-market actions and RPM objectives are ~~not at odds~~compatible. This collaborative effort will allow RPM to be more resilient in the face of this very foreseeable future.