

# THE P3 GROUP

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## P3 Urges FERC to Protect Integrity of Regional Wholesale Markets

**King of Prussia, Pa.** – Seeking to protect the integrity of competitive power markets and ultimately the region’s electricity consumers, the PJM Power Providers Group (P3) today asked the Federal Energy Regulatory Commission (FERC) to adopt rules that will protect consumers from the negative consequences of funding unneeded power plants.

“The bill signed by Gov. Christie on Friday seeks to subsidize a few uneconomic power plants through a new energy charge on all New Jersey families and businesses. Our action today asks FERC to preclude the power companies benefiting from these ratepayer subsidies from receiving payments in the wholesale market unless their plants are needed for reliability,” said P3 President Glen Thomas. “If the units are actually needed they will receive fair market payments just like other resources, such as energy efficiency and demand response, which are competing to meet New Jersey’s needs. If, on the other hand, the units are not needed for reliability, then market rules must prevent the unnecessary new supply from distorting prices for consumers and suppliers. As demonstrated in FERC decisions, consumers are best served over the long term by the efficiency of a competitive market that operates without outside interference.”

P3’s filing is partially in response to recently enacted legislation in New Jersey (Senate Bill 2381), but the rule changes are necessary to prevent any attempt to undermine the region’s wholesale markets through subsidies to new power plants that are not justified by market conditions.

“Testimony before the legislature showed that New Jersey has sufficient electricity to meet customer demand,” said Thomas. “That testimony was reinforced a few days later when PJM published new forecasts. These new forecasts show that demand for electricity has decreased substantially as a result of economic factors including cost-effective energy efficiency programs. In fact, PJM now predicts that New Jersey will not reach the demand previously forecasted for 2014 until at least 2020.”

Under the rule changes offered by P3:

- All bids into the PJM capacity auctions will be reviewed to determine if they are consistent with the cost of new generating capacity in the region.
- Any resource that can establish that it is bidding in its actual costs or that it did not receive a subsidy would not be subject to the new rules.
- Resources that try to game the market by bidding low costs while simultaneously seeking other customer subsidies would have their bids reset.
- PJM and the PJM Independent Market Monitor would review all bids.
- Any resource that does not agree that its bid should be reset has the right to petition FERC.

“FERC cannot allow one state to undermine the markets that other states depend upon. Other states and their consumers should not be forced to pay for neighboring states’ misguided decisions,” said Thomas. “P3 encourages FERC to review and act swiftly upon our complaint.”

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*P3 is a nonprofit organization that supports the development of properly designed and well-functioning markets in the PJM region. Combined, P3 members own nearly 80,000 megawatts of power and over 51,000 miles of transmission lines in the PJM region, serving nearly 12.2 million customers. For more information, please go to: [www.p3powergroup.com](http://www.p3powergroup.com).*