

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
Request for Written Comments To the
September 18, 2020 Technical Conference
Investigation of Resource Adequacy Alternatives
Docket No. EO20030203

**Post Technical Conference Comments of the PJM Power Providers
Group**

The PJM Power Providers Group (“P3”)¹ sincerely thanks the New Jersey Board of Public Utilities (“Board”) for the opportunity to participate on Panel 1 in the September 18, 2020, Technical Conference on Resource Adequacy. The Conference was well planned and offered insightful perspectives on how New Jersey can achieve its clean energy goals without sacrificing the benefits of competitive markets. While more work clearly lies ahead, the Board should take satisfaction that the process is off to a good start and the Board has a robust foundation upon which to build upon.

Along those lines, P3 encourages the Board to continue the resource adequacy conversation while focusing the inquiry on solutions that make sense for New Jersey.

¹ P3 is a non-profit organization that supports the development of properly designed and well-functioning markets in the PJM region. Combined, P3 members own approximately 67,000 megawatts of generation assets, produce enough power to supply over 50 million homes in the PJM region covering 13 states and the District of Columbia. For more information on P3, visit www.p3powergroup.com. The comments contained in this filing represent the position of P3 as an organization, but not necessarily the views of any particular member with respect to any issue.

Specifically, P3 offers three simple messages to the Board as a framework for continuing the discussion:

1. **Take FRR off the Table.** The record in this proceeding points out all the negative ramifications of adopting an FRR proposal. Additionally, the record only has one detailed FRR proposal and the proponents of that proposal (PSEG) offered an entirely different FRR proposal at the Technical Conference than was offered during the comment period. The new proposal is vague, void of critical details and most likely suffers from the same defects of PSEG's original proposal. The overall consensus expressed at the conference was that FRR was not the right path for New Jersey. A range of entities, consumers, renewable developers, and non-utility suppliers, all expressed opposition or trepidation about the FRR as an available path forward for New Jersey. Meanwhile, PSEG, as the chief proponent of FRR is desperately throwing spaghetti against the wall in an effort to improve its bottom line via the FRR vehicle. In the words of PJM IMM Joe Bowring, "The idea that there is a mysterious good FRR design that no one has yet described is fallacious. There is no good FRR design."² It's time to move on.
2. **A Price on Carbon is the Solution Hiding in Plain Sight.** P3, along with a host of other parties, support a price on carbon as the market-based means to achieve carbon reductions in the power sector. While leakage is frequently presented as a hurdle, policy changes implemented by PJM and FERC could make that hurdle a surmountable one. Moreover, with Virginia, New Jersey, Delaware and Maryland in RGGI, Pennsylvania

² <https://www.utilitydive.com/news/ditching-pjm-capacity-market-could-cost-new-jersey-386m-through-2022-mark/577998/>

poised to join RGGI and the Illinois governor openly supporting a price on carbon, PJM appears to be on a path in which over 70% of the installed capacity in PJM would be in a state with a carbon price which substantially changes the leakage dynamics.

Additionally, this week at the September 30, 2020, FERC Technical Conference on Carbon Pricing, Senator Sheldon Whitehouse (D, RI) pointed to the growing momentum in Washington for a federal carbon price solution, offering that it's an open secret that there is a bipartisan carbon pricing bill in the offing.³ In short, carbon pricing is the best answer to achieve environmental goals at the least cost to consumers, and the BPU should not give up on the idea of meaningful carbon reductions via a price on carbon that is gaining political momentum at the state, federal and RTO level.

- 3. The Clean Energy Standard Should Stay on the Table.** P3 appreciated the Panel 2 conversation on the Clean Energy Standard. While P3 is not at this point prepared to endorse a specific clean energy standard and the details of such a standard are particularly important, a continued, focused dialogue on a clean energy standard offers a potential alternative if a price on carbon is not politically achievable. P3 would look forward to engaging in such a dialogue to ensure that resource adequacy principles would be maintained while clean energy goals are being pursued in the most cost effective means possible.

³ FERC Technical Conference regarding Carbon Pricing in Organized Wholesale Electricity Markets, September 30, 2020, AD20-14-000, see <https://ferc.gov/news-events/events/technical-conference-regarding-carbon-pricing-organized-wholesale-electricity>

P3 again thanks the Board for the opportunity to participate in the September 18, 2020, Technical Conference and this proceeding. P3 members stand ready, willing and able to invest in the resources that will power New Jersey's clean energy future and allow New Jersey to achieve its clean energy goals while taking proactive measure to remove carbon emissions from their businesses.⁴ P3 members will do so without the need of a promise of rate-based recovery of the costs of those investments, the need to lock consumers into decades long contracts that will likely quickly turn uneconomic, or subsidies that will distort the market signals for other market participants. New Jersey has a terrific opportunity before it – P3 urges the Board to move on and away from FRR and narrow the discussion to allow meaningful discussions to move forward with the attention to detail they deserve.

Respectfully submitted,

On behalf of the PJM Power Provider Group

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⁴ See, for example, <https://www.gasworld.com/calpine-joins-the-carbon-capture-coalition/2019678.article> and https://investor.vistracorp.com/investor-relations/news/press-release-details/2020/Vistra-Accelerates-Pivot-to-Invest-in-Clean-Energy-and-Combat-Climate-Change/default.aspx?fbclid=IwAR3yghPK3ArnVyr0RdwHC4_gmo9l9BhGowhhA0tcMep2P6UpIt65lh8FJ6s