



# **PJM Annual Meeting**

**Public Interest Environmental  
Organization Users Group  
(PIEOUG)**

**May 8, 2024**

**Consumer Advocates of the PJM  
States (CAPS) Presentation**

# The 16 Member Offices of CAPS

Delaware	Division of the Public Advocate
District of Columbia	Office of the People's Counsel
Illinois	(1)Citizens Utility Board (2)Office of the IL AG (Public Utilities Bureau)
Indiana	Office of Utility Consumer Counselor
Kentucky	Office of Rate Intervention
Maryland	Office of People's Counsel
Michigan	Michigan Department of Attorney General
New Jersey	Division of Rate Counsel
North Carolina	(1)Office of Attorney General, Utilities Section (2)Public Staff – North Carolina Utilities Comm.
Ohio	Office of the Ohio Consumers' Counsel
Pennsylvania	Office of the Consumer Advocate
Tennessee	Office of the Tennessee Attorney General - Consumer Advocate & Protection Division
Virginia	Office of the Attorney General – Division of Consumer Counsel
West Virginia	Consumer Advocate Division

# Goals

1. Establishing reliability throughout the region at the most cost-effective prices.
2. Use our resources to provide awareness and improve our contributions to the stakeholder process.
3. Continue to expand dialogue with both demand and supply interests to seek consensus.

# Priorities for PJM Should Remain

- Keeping the lights on;
- Identifying the most efficient and cost-efficient improvements to the grid; and
- Independence

# Core Areas of Discussion

- } Ongoing, and additional, uncertainty related to PJM's Capacity Market
- } Silos in the PJM Stakeholder process
- } Maintaining confidence in the type of organizations participating in PJM's markets and PJM's Independence from all Member types.
- } PJM wholesale cost impact on customers – update

# **Ongoing, and additional, uncertainty related to PJM's Capacity Market**

# **Five Main Areas of Concern related to Capacity Markets (and CIFP discussions) from 2023 presentation**

- } Performance!
- } Market Seller Offer Cap – Market Power must be kept in check;
- } Having the key Information to make informed decisions prior to voting on future frameworks; and
- } Scheduling of auctions and the sending price signals.

Confidence in the markets moving forward is critical.



## PJM Base Residual (AKA Capacity Market) Auction Chart

\*3 year forward auctions should have approximately 1,095 days before the delivery year.

<u>Delivery Year</u>	<u>Base Residual Auction opening date/results date</u>	<u>3-year forward?</u>	<u>Days late</u>
2014 – 2015	May 2, 2011 (posted May 13)	Yes	on time
2015 – 2016	May 7, 2012 (posted May 18)	Yes	on time
2016 – 2017	May 13, 2013 (posted May 24)	Yes	on time
2017 – 2018	May 12, 2014 (posted May 23)	Yes	on time
2018 – 2019	<b>August 10, 2015</b> (posted August 21) *71 = 6/1/2015 to 8/10/2015	No	3-yr forward Reduced by 71 days
2019 – 2020	May 11, 2016 (posted May 24)	Yes	on time
2020 – 2021	May 10, 2017 (posted May 23)	Yes	on time
2021 – 2022	May 10, 2018 (posted May 23) <b>*last 3-year auction</b>	Yes	on time
2022 – 2023	May 19, 2021 (June 2) *719 days = 6/1/2019 to 5/19/2021	No	reduced by 719 days
2023 – 2024	June 8, 2022 (posted on June 21 ) *738 days late =5/10/2020 to 6/8/2022	No	reduced by 738 days
2024 – 2025	*Held Dec. 7, 2022, and finalized Feb. 27, 2023) **initial auction 555 days late = 6/1/2021 to 12/7/2022	No	reduced by 555 days
2025 – 2026	<b>*pending (should have been 5/10/2022)</b> 549 = 6/1/2022 to 7/17/2024	No	reduced by 777 days
2026 - 2027	<b>*pending (should have been 5/10/2023)</b> 206+ = 6/1/2023 to 3/1/2024 and counting	No	reduced by 274+ days
2027 - 2028	3-year forward = 6/1/2024 *2 auctions ahead of this auction	no longer a possibility	
2028 – 2029	3-year forward = 6/1/2025 *3 auctions ahead of this auction	no longer considered	
2029 – 2030	3-year forward = 6/1/2026 *4 auctions ahead of this auction	Possible	

The last 3-year forward auction was held in May, 2018.

The shortest period of time between auction and delivery year will be the next auction.

As currently scheduled, the least time between auctions.

Perhaps, the next 3-year forward auction – May, 2026.



# Silos in the PJM Stakeholder Process

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# Transmission Planning Silos

Type	Jurisdiction	Footprint	Planning Methodology
Supplemental	TEAC (>230 kV) Subregional RTEP (<230 kV)	Intrastate	Controlled by TOs; PJM performs “do no harm” analysis.
Load forecast	PC	Regional with LDAs	Identify changes in demand that impact transmission needs. 15-year analysis horizon.
RTEP	TEAC	Backbone projects and network upgrades	Reliability projects. 5-year planning horizon.
LTRTP (proposed)	PC	Backbone projects	If approved, will inform RTEP with 15-year planning horizon. Baseline reliability, with varying policy driver assumptions for medium and high scenarios.
Interregional Planning	IPSAC (MISO; NY/ISO-NE)	Interregional	No proactive planning. Each RTO identifies its own projects near the seam and unclear how coordination happens afterwards.

# Deactivation Management Silos

<b>Issue</b>	<b>Jurisdiction</b>	<b>Overlap</b>	<b>Status</b>
DESTF	MRC	Opportunity to study how a replacement resource could affect reliability through a deactivation study	Active
CIR Transfer Efficiency	Interconnection Process Subcommittee	Opportunity to transfer CIRs from a deactivating resource to another resource to avoid an RMR	Active
Storage as a Transmission Asset	Planning Committee	Opportunity to act as a non-wires alternative when a reliability violation from a deactivating resource is identified	On hold

# Bridging silos—good practices

- The Reserve Certainty Senior Task Force has rightly recognized that it has overlap with Electric Gas Coordination Sr. Task Force. In its Issue Charge, it explicitly states “Review any applicable work of the Electric Gas Coordination Sr. Task Force (EGCSTF)” as a Key Work Activity.
- Facilitator announcements during CIFP process about recent activity of committees that were contemplating relevant issues

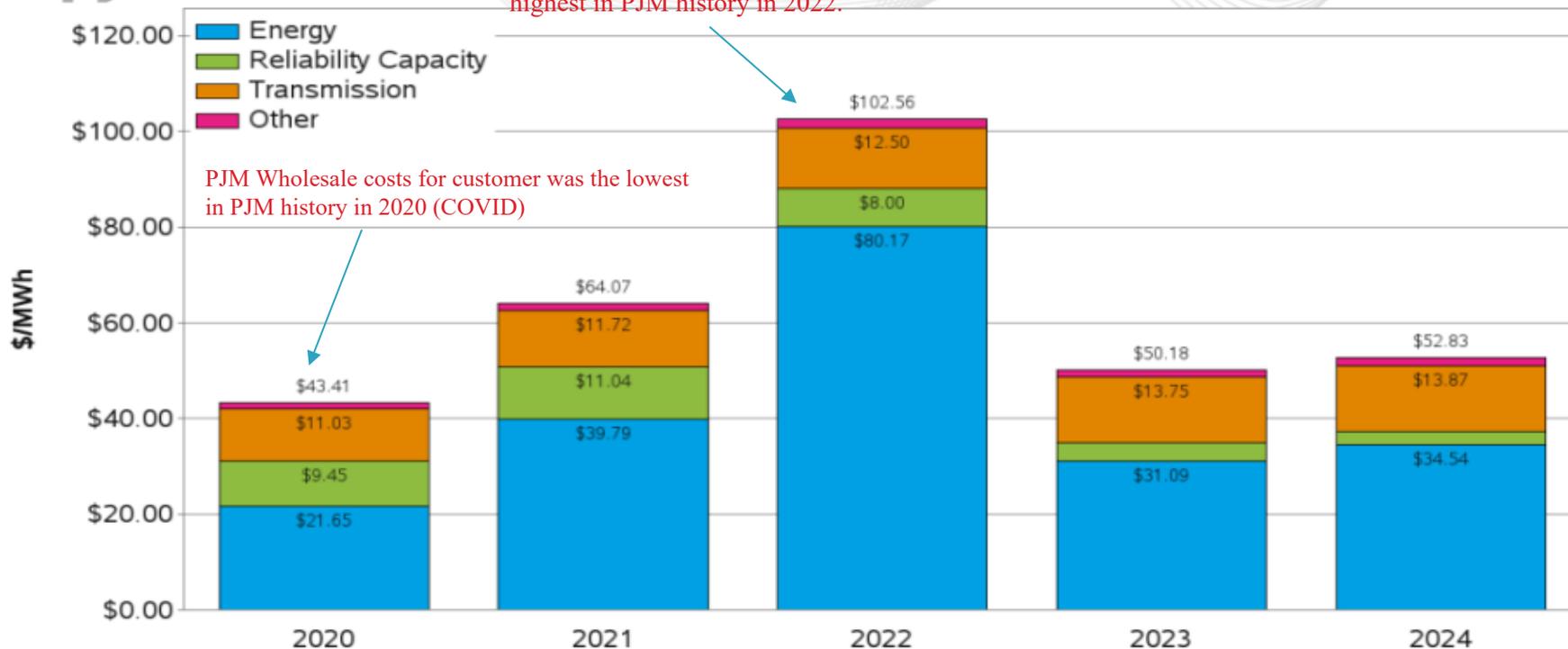
**Maintaining confidence in the type of organizations participating in PJM's markets and PJM's Independence from all Member types.**

# **PJM Wholesale Cost Impact on Customers**

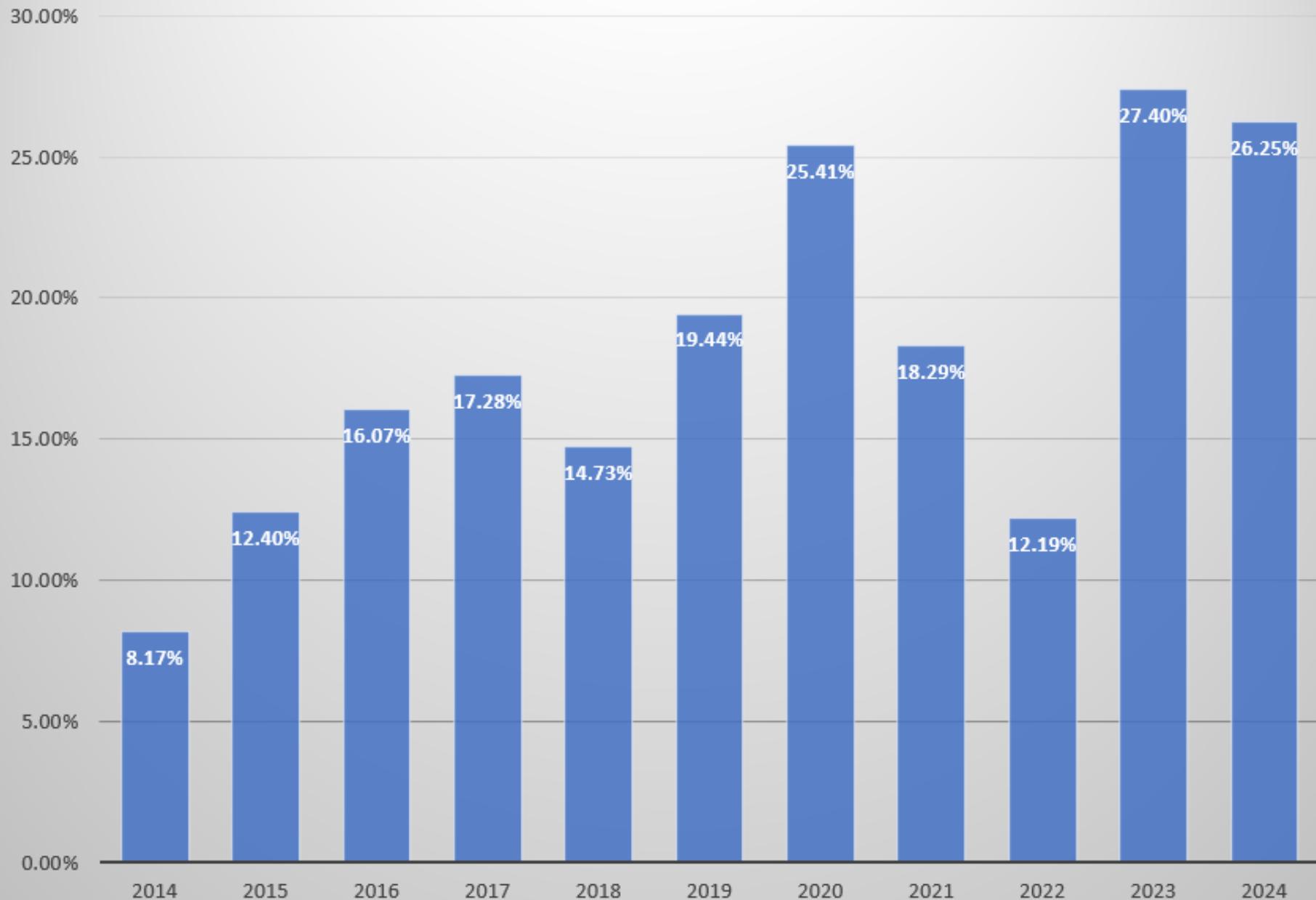
# Reasonable Prices – Our Perennial Concern



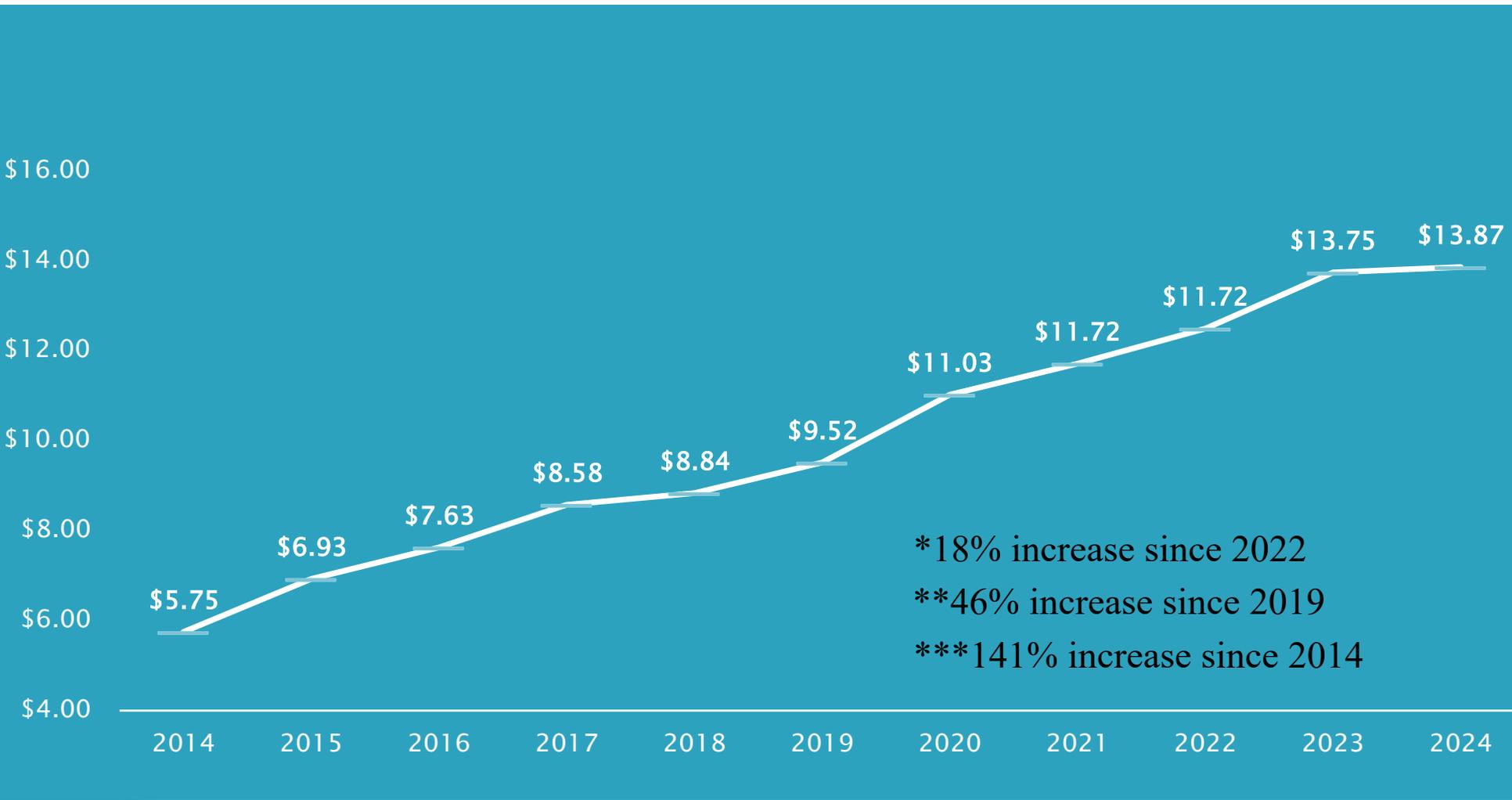
## PJM Wholesale Cost



## Transmission as % of Overall PJM Wholesale Cost



# The Rise of Wholesale Transmission Costs Over the Years



\*18% increase since 2022

\*\*46% increase since 2019

\*\*\*141% increase since 2014

\*2024 is YTD (Through March 18<sup>th</sup>.) All other numbers are year-end numbers.

# Other Areas of Concern

- [Further] Uncertainty created by the lack of a contract for the Market Monitor
- Energy Efficiency
- Reactive Power
- PJM's proposed transfer of the Planning Protocols from the Operating Agreement to the Tariff without any stakeholder discussion on the matter.

# Contact Information

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# Appendix

# What is CAPS?

## **Who We Are**

Established in 2013, Consumer Advocates of the PJM States, Inc., (CAPS) is a nonprofit organization whose members represent over 61-million consumers in the 13 PJM states and the District of Columbia. Regulatory rules vary greatly across our jurisdictions, but in each the electricity costs paid by consumers is at least partly determined by the tariff and rules under which PJM operates. PJM and its stakeholders set those rules and CAPS' engagement is necessary to ensure that consumers' voices are heard.

## **Mission**

Our mission is to actively engage in the PJM stakeholder process and at the Federal Energy Regulatory Commission to ensure that the prices we pay for reliable, wholesale electric service are reasonable.