



Organization of PJM States, Inc. (OPSI)

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December 17, 2024

Mr. Mark Takahashi, Chair, PJM Board of Managers
Mr. Manu Asthana, PJM President and CEO
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, Pennsylvania 19403

Dear Mr. Takahashi and Mr. Asthana:

OPSI appreciates PJM staff's proposal to end the capacity market must offer exemption for intermittent resources, storage resources, and hybrid resources with capacity interconnection rights. The generation queue is dominated by resources with a categorical must offer exemption. It is crucial that these resources contribute to meeting PJM's resource adequacy challenges. Exceptions to the must offer requirement undermine a key tenet of PJM's capacity market construct that requires customers to buy capacity and generators to sell capacity. The fact that not all generators are required to participate in PJM's capacity market distorts market signals and produces an inaccurate assessment of supply in the region. A must offer requirement also ensures that scarce firm generator injection capacity is allocated to resources committed to providing reliability services to customers. As stated in letters to the PJM Board in August 2023 and September 2024, OPSI supports eliminating the categorical must offer exemption for generation and storage resources for these reasons. PJM's Independent Market Monitor, too, has recommended that the must offer requirement be applied to all generation resources.

OPSI encourages PJM to eliminate this exemption for intermittent resources, storage resources, and hybrid resources starting with the next auction and continue its work to ensure that these resources are properly incented to participate in the capacity market by a capacity construct that aligns with their known operational characteristics in later auctions.¹

Sincerely,

Emile C. Thompson, OPSI President
Organization of PJM States, Inc.

¹ Approved unanimously by the OPSI Board of Directors on December 17, 2024