

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Modernizing Electricity Market Design

Docket No. AD21-10-000

SUPPLEMENTAL NOTICE OF TECHNICAL CONFERENCE ON RESOURCE
ADEQUACY IN THE EVOLVING ELECTRICITY SECTOR

(March 16, 2021)

As first announced in the Notice of Technical Conference issued in this proceeding on February 18, 2021, the Federal Energy Regulatory Commission (Commission) will convene a Commissioner-led technical conference in the above-referenced proceeding on Tuesday, March 23, 2021, from approximately 9:00 a.m. to 5:00 p.m. Eastern time. The conference will be held remotely. Attached to this Supplemental Notice is an agenda for the technical conference, which includes the final conference program. Commissioners may attend and participate in the staff-led portions of the technical conference.

Discussions at the conference may involve issues raised in proceedings that are currently pending before the Commission. These proceedings include, but are not limited to:

ISO New England Inc.	Docket No. ER21-787-000
ISO New England Inc.	Docket No. ER21-943-000
New England Power Generators Ass'n, Inc. v. ISO New England Inc.	Docket No. EL21-26-000
ISO New England Inc.	Docket No. ER21-1226-000
Independent Market Monitor for PJM v. PJM Interconnection, L.L.C., Docket No.	Docket No. EL19-47-000
Office of the People's Counsel for D.C. et al. v. PJM Interconnection	Docket No. EL19-63-000
Hollow Road Solar, LLC	Docket No. EL21-35-000
PJM Interconnection, L.L.C.	Docket No. EL19-100-000
PJM Interconnection, L.L.C.	Docket Nos. ER21-278-000 and ER21-278-001
PJM Interconnection, L.L.C.	Docket Nos. EL19-58-005
PJM Interconnection, L.L.C.	Docket No. ER18-1314-011
New York Independent System Operator, Inc.	Docket No. ER20-1718-002
New York State Public Service Commission, et al. v. New York Independent System Operator, Inc.	Docket Nos. EL16-92-004 and ER17-996-004
New York Independent System Operator, Inc.	Docket No. ER21-1001-000

New York Independent System Operator, Inc.	Docket Nos. ER16-1404-005, ER16-1404-006, and ER16-1404-007
New York Independent System Operator, Inc.	Docket Nos. ER21-502-000 and ER21-502-001
New York Independent System Operator, Inc.	Docket No. ER21-1018-000
Cricket Valley Energy Center LLC and Empire Generating Company, LLC v. New York Independent System Operator, Inc.	Docket No. EL21-7-000

The conference will be open for the public to attend remotely. There is no fee for attendance. Information on this technical conference, including a link to the webcast, will be posted on the conference's event page on the Commission's website <https://www.ferc.gov/news-events/events/technical-conference-regarding-resource-adequacy-evolving-electricity-sector> prior to the event.

The conference will be transcribed. Transcripts will be available for a fee from Ace Reporting (202-347-3700).

Commission conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations, please send an email to accessibility@ferc.gov or call toll free 1-866-208-3372 (voice) or 202-208-8659 (TTY), or send a fax to 202-208-2106 with the required accommodations.

For more information about this technical conference, please contact David Rosner at david.rosner@ferc.gov or (202) 502-8479 or Emma Nicholson at emma.nicholson@ferc.gov or (202) 502-8741. For legal information, please contact Kathryn Shook at kathryn.shook@ferc.gov or (202) 502-6190. For information related to logistics, please contact Sarah McKinley at sarah.mckinley@ferc.gov or (202) 502-8368.

Kimberly D. Bose,
Secretary.

**Technical Conference on Modernizing Electricity Market Design: Resource Adequacy
in the Evolving Electricity Sector**

**Docket No. AD21-10-000
March 23, 2021**

Agenda

9:00 am – 9:30 am: **Welcome and Opening Remarks from the Chairman and
Commissioners**

9:30 am – 12:30 pm: **Panel 1: Commissioner-Led Discussion of Capacity Markets
in ISO New England Inc., New York Independent System
Operator Inc., and PJM Interconnection L.L.C. (PJM)**

There will be a 15-minute break approximately halfway through this panel.

The Chairman and Commissioners will lead a discussion with representatives from the Eastern Regional Transmission Organizations and Independent System Operators (RTOs/ISOs), state officials, and the relevant market monitors about the role of capacity markets in the Eastern RTOs/ISOs. The discussion will explore the role of capacity market constructs in an environment where state policies increasingly affect resource entry and exit. The panel will include a discussion of the following topics and questions:

1. What should be the goals of the centralized capacity markets in the Eastern RTOs/ISOs? For instance, should the goal of centralized capacity markets in the Eastern RTOs/ISOs be limited to ensuring resource adequacy, or are there other objectives that a capacity market should meet? Why?
2. Is the concept of “Missing Money” still the purpose of capacity markets, and if so, should there be an effort to minimize the missing money through enhancements to energy and ancillary service markets where resources are paid to provide specific services? If not, why not?
3. What purpose do price signals produced by a capacity market serve in a structure in which state actions are a primary driver of resource entry?
4. Should the design of a capacity market change in light of the evolving resource mix? Are the needs of the evolving resource mix better addressed in the capacity market or the energy and ancillary services market? Could RTOs/ISOs play a role in helping states achieve their diverse policy goals through a centralized resource procurement? Please explain.
5. Could enhancements to the energy and ancillary services markets serve to make the energy market a more significant driver of resource entry and exit decisions vis-à-vis capacity markets? Please explain.

6. What are the long run implications of continuing with the status quo Minimum Offer Price Rule (MOPR) framework? Is it a durable solution? Why, or why not?
7. How do the MOPR rules affect the ability of resources to clear the capacity market? Does that depend on whether or not those resources receive revenues pursuant to state programs? Will such resources remain in the market if they do not clear the capacity market? Why or why not? What, if any, challenges does this pose to the functioning of the capacity market as well as the energy and ancillary services markets?
8. The quantity of capacity procured in the Eastern RTOs/ISOs has often exceeded the amount of capacity that each RTO/ISO aims to procure in the capacity market to meet the target 1-in-10 loss of load expectation. What are the drivers of that result (e.g., specific parameters used to establish the demand curve(s) in the capacity market, resource offer behavior, etc.)? Do the additional reliability benefits provided by this additional amount of capacity exceed the incremental costs? Why or why not?
9. In a multi-state RTO with a centralized capacity market, please describe how one state's actions to shape the resource mix can affect other states. What are the Commission's responsibilities with respect to addressing such effects?
10. Should there be options for states that want to achieve resource adequacy outside of the capacity market? Are these options compatible with continuing a capacity market for states that do wish to participate in it?

Panelists:

- **Manu Asthana**, President and CEO, PJM Interconnection, L.L.C.
- **Richard J. Dewey**, President and CEO, New York Independent System Operator, Inc.
- **Gordon van Welie**, President and CEO, ISO New England Inc.
- **Judge Judith Williams Jagdmann**, Commissioner, Virginia State Corporation Commission
- **Willie Phillips**, Chairman, Public Service Commission of the District of Columbia
- **Kathryn Bailey**, Commissioner, New Hampshire Public Utilities Commission
- **Katie Dykes**, Commissioner, Connecticut Department of Energy & Environmental Protection
- **Robert Rosenthal**, Counsel to the New York State Public Service Commission
- **Stefanie Brand**, Director, New Jersey Division of Rate Counsel
- **Dr. Joseph Bowring**, President, Monitoring Analytics
- **Dr. Pallas LeeVanSchaick**, Vice President, Potomac Economics

12:30 pm – 1:30 pm: Lunch

**1:30 pm – 3:00 pm: Panel 2: Staff-led Discussion of Implications of Status Quo
MOPR in the PJM Capacity Market**

This panel will consider the viability of the current PJM capacity market with the current MOPR rules as state policies continue to increasingly affect resource entry and exit decisions.

1. As the public policy goals from the PJM member states increasingly affect a significantly higher proportion of the resource mix, what is the appropriate role of the PJM capacity market? Should it continue to be limited to ensuring resource adequacy? What challenges, if any, does the current MOPR pose in ensuring resource adequacy at a just and reasonable rate? What challenges, if any, would the elimination of the current MOPR pose in ensuring resource adequacy at a just and reasonable rate?
2. What role do capacity revenues and price signals play under current market rules, including the MOPR rules, and how well do they reflect the region's resource adequacy objective?
3. What is the risk of customers being required to pay for redundant capacity (i.e., where consumers in a state may be required to pay for resources even when those resources do not count as capacity and be required to fund additional resources via the capacity market)? Should this risk be managed under the current RTO rules? Why?
4. Some have argued that if states want to exercise their rights over the resource mix they must be responsible for resource adequacy. Is this a necessary trade-off? Can PJM retain responsibility for resource adequacy while individual states also take action to shape the resource mix, or should that responsibility be shifted to the states? Why? What are the pros, cons, and tradeoffs of each approach?
5. Can the capacity market satisfy PJM's resource adequacy requirements without serving as the primary vehicle to send resource entry and exit signals? If so, do the current MOPR rules allow it to meet that function? If not, why not?

Panelists:

- **Frederick S. "Stu" Bresler III**, Senior Vice President - Market Services, PJM Interconnection, L.L.C.
- **Dr. Joseph Bowring**, President, Monitoring Analytics
- **Jason Stanek**, Chairman, Maryland Public Service Commission
- **Talina R. Mathews, Ph.D.**, Commissioner, Kentucky Public Service Commission
- **Marji Philips**, Vice President, Wholesale Market Policy, LS Power
- **Ralph Izzo**, Chairman, President & CEO, PSEG
- **Susan Satter**, Chief, Public Utilities Bureau, Office of the Illinois Attorney General
- **Casey Roberts**, Senior Attorney, Environmental Law Program, Sierra Club

- **Patricia DiOrio**, Head of Project Development & Growth, North America, Ørsted
- **Besty Beck**, Director, Regulatory Affairs – Central and Western U.S., Enel North America, Inc.
- **Edward D. Tatum, Jr.**, Vice President of Transmission, American Municipal Power, Inc.

3:00 pm – 3:30 pm: **Break**

3:30 pm – 4:45 pm: **Panel 3: Alternative Approaches for PJM Capacity Market**

This panel will consider how the PJM capacity market could evolve as state policies increasingly affect resource entry and exit decisions. The panel will include a discussion of the following topics and questions:

1. If the Commission were to direct revisions to the currently effective MOPR and replace it with a MOPR designed to address only buyer-side market power (herein referred to as a Targeted MOPR), could such an outcome be just and reasonable? Would it be sustainable to remove the MOPR completely without making additional changes to other PJM market rules? Please explain and discuss the trade-offs among the various options that should be considered.
2. Would removing the current MOPR in PJM and simply replacing it with a Targeted MOPR shift costs among states or otherwise favor certain states over other states? Could it result in the shifting of one state's public policy preferences to another state with different state policies? Please explain any such concerns. If such cost shifting may occur, is that an inevitable consequence of any state regulation of any kind, and is it the Commission's role to address such cost shifting? If cost shifting is a concern, what are the ways to mitigate any such concerns?
3. Is the independent power producer model compatible with a capacity market construct that does not account for the fact that certain resources receive out-of-market support? Why or why not?
4. Would removing the expanded MOPR in PJM and replacing it with a Targeted MOPR present resource adequacy or reliability issues in the short term? Are there such issues in the long term?
5. Would removing the expanded MOPR in PJM and replacing it with a Targeted MOPR address the concerns that are driving certain states to consider leaving the Reliability Pricing Model (capacity market) via the Fixed Resource Requirement (FRR)? What are the benefits and costs associated with state decisions to remain in the capacity market versus opting for the FRR?
6. In PJM, are or should there be options other than FRR for states that want to achieve resource adequacy outside of the capacity market? Are these options

compatible with continuing a capacity market for states that do wish to participate in it?

7. Aside from removing the expanded MOPR and implementing a Targeted MOPR, are there other mechanisms that can be used to better integrate state supported resources in PJM's capacity market? If so, what are those mechanisms and how would they work?
8. Would it be better to implement a resource carve out in PJM (in which capacity supply and demand that contract bilaterally outside of the market are removed from the capacity auction) instead of a Targeted MOPR (in which all capacity supply and demand still pass through the capacity auction)? An approach along those lines could, for example, allow states to procure capacity resources directly, and then hold a capacity auction to meet any remaining resource adequacy requirements. Is this meaningfully different than a Targeted MOPR? Why? What are the relative pros and cons of the two approaches?
9. If the Commission were to direct replacement of the current MOPR in time for the 2023/24 Base Residual Auction, when would such action be needed to limit any auction delay?

Panelists:

- **Frederick S. "Stu" Bresler III**, Senior Vice President - Market Services, PJM Interconnection, L.L.C.
- **Dr. Joseph Bowring**, President, Monitoring Analytics
- **Abraham Silverman**, General Counsel, New Jersey Board of Public Utilities
- **Daniel R. Conway**, Commissioner, Public Utilities Commission of Ohio
- **Kathleen Barrón**, Executive Vice President, Government and Regulatory Affairs and Public Policy, Exelon
- **Ruth Ann Price**, Deputy Public Advocate, Delaware Division of the Public Advocate
- **Dr. Roy Shanker**, Independent Consultant
- **Susan Bruce**, Attorney, Representing the Industrial Customer Coalition
- **Elise Caplan**, Independent Consultant, on behalf of the Sustainable FERC Project
- **Sari Fink**, Senior Director, Electricity & Transmission Policy, American Clean Power

4:45 pm – 5:00 pm:

Closing Remarks