State Policies & Electric Capacity Markets

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MOPR + Subsidies = Unsustainable

Leading Options to Break Impasse

1. States depart capacity markets
2. States alter clean energy or climate policies
3. MOPR revised (i.e., “workable”)
4. MOPR remanded
FERC & State Directions in Flux

**Clear heads scenario**
- MOPR remand
- RTOs ubiquitous
  - Capacity market expansion or
  - LSE requirement alignment with IRPs
- “Clean” direct access large loads

**Chaos scenario**
- Subsidy metastasis, MOPR binding
- RTO expansion stunted
  - Capacity planning downgrades to cost-of-service
- Disjointed IRPs, mass RMRs
- Messy large load departures
State Capacity Market Exodus

• Energy-only crowd rejoice?
• Likely result: inferior capacity planning

PJM Monitor Finds Capacity Exit Costly for NJ
Simple Facts

• High renewables outside RTO? (unfathomable)
• Best vs. actual IRP practices widening
• Most capacity market problems inherent to capacity planning
• Market advantage grows
“Indeed, it has been said that [capacity markets] are the worst form of [capacity planning] except for all those other forms that have been tried.”

- Winston “Edison” Churchill