

rehearing and clarification that was issued in this proceeding on April 16, 2020 (“April 16th Order”).³

The April 16th Order states (at P 400):

With respect to the Market Monitor’s other request, we clarify that, to the extent the Market Monitor refers to replacement capacity bilaterally procured to fulfill a capacity commitment, capacity from State-Subsidized Resources cannot serve as replacement capacity for unsubsidized capacity resources.

While the Commission has recognized the market manipulation concerns with allowing subsidized resources to serve as replacement capacity bilaterally for unsubsidized resources, a similar concern exists for replacement capacity transactions within a portfolio. The Market Monitor requests clarification that replacement capacity restrictions for state subsidized resources include transactions within a portfolio as well as bilateral transactions.

Allowing a state subsidized resource to serve as replacement capacity for an unsubsidized resource within an entity’s portfolio would create a loophole. A market participant could offer and clear an unsubsidized resource not subject to a MOPR floor offer price and later swap the commitment to the subsidized resource, thereby allowing the state subsidized resource to bypass the MOPR. The unsubsidized resource could be a resource without a Capacity Performance must offer requirement or an unprofitable existing resource that is expected to retire or any other placeholder resource that the entity does not anticipate satisfying its capacity obligation.

For the reasons provided above, the Market Monitor respectfully requests that the Commission provide the requested clarification.

³ *PJM Interconnection, L.L.C. et al.*, 1 FE71RC ¶ 61,035.

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Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Eagleville, Pennsylvania,
this 15th day of May, 2020.



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