

As Reported by the Senate Energy and Public Utilities Committee

134th General Assembly

Regular Session

2021-2022

S. R. No. 175

Senator Romanchuk

Cosponsors: Senators McColley, Brenner

A R E S O L U T I O N

To memorialize PJM Interconnection, L.L.C. and the 1
Federal Energy Regulatory Commission to urge the 2
preservation of the Minimum Offer Price Rule for 3
the PJM capacity market. 4

BE IT RESOLVED BY THE SENATE OF THE STATE OF OHIO:

WHEREAS, The State of Ohio has pursued deregulation of 5
electricity to increase consumer choice and encourage the 6
development of a competitive electricity marketplace, beginning 7
with the passage of S.B. 3 of the 123rd General Assembly; and 8

WHEREAS, There have been billions of dollars of investment 9
in new generation resources in Ohio since deregulation began in 10
1999; and 11

WHEREAS, The State of Ohio has rejected state subsidization 12
of various generation resources in favor of encouraging 13
competition; and 14

WHEREAS, The main purpose of the PJM Interconnection, 15
L.L.C. capacity market is to secure long-term generation 16
commitments from resources that are capable of performing 17
consistently, even in extreme conditions, to ensure there is 18
always an adequate supply of generation resources to meet the 19
needs of consumers within PJM's region; and 20

WHEREAS, The Minimum Offer Price Rule was established by 21
PJM to prevent state-subsidized generation resources from 22
exercising market power by offering those resources into the PJM 23
capacity market at artificially low prices and to ensure that 24
new resources are competitively offered into PJM's capacity 25
market by establishing a specific minimum dollar amount that a 26
generation resource can offer into the capacity market; and 27

WHEREAS, PJM is now proposing to eliminate the Minimum 28
Offer Price Rule and replace it with an alternative model that 29
would allow state policies to influence the PJM capacity market 30
and decrease competition; and 31

WHEREAS, The elimination of the Minimum Offer Price Rule 32
would increase the risk of a critical reliability problem within 33
the PJM states and would force Ohioans to bear costs associated 34
with other states' generation resource preferences; now 35
therefore be it 36

RESOLVED, That we, the members of the Senate of the 134th 37
General Assembly of the State of Ohio, call upon PJM and the 38
Federal Energy Regulatory Commission to evaluate whether state- 39
subsidized generation resources have a material impact on price 40
formation in PJM's capacity market and whether such 41
subsidization will result in states that have rejected such 42
subsidization being forced to bear increased costs and adversely 43
impact the market's ability to attract and retain commitments 44
from the generation resources necessary to ensure regional 45
reliability; and be it further 46

RESOLVED, That we, the members of the Senate of the 134th 47
General Assembly of the State of Ohio, call upon PJM and the 48
Federal Energy Regulatory Commission to retain the Minimum Offer 49
Price Rule and reject all efforts to eliminate or replace it; 50
and be it further 51

RESOLVED, That the Clerk of the Senate transmit duly 52

authenticated copies of this resolution to each member of the	53
PJM Board of Managers and the PJM Members Committee, each of the	54
commissioners of the Federal Energy Regulatory Commission, and	55
the news media of Ohio.	56