
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE RESOLUTION

No. 400 Session of
2010

INTRODUCED BY BOSCOLA, FERLO, KITCHEN, FONTANA, D. WHITE,
O'PAKE, KASUNIC AND RAFFERTY, SEPTEMBER 27, 2010

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,
SEPTEMBER 27, 2010

A RESOLUTION

1 Urging the Federal Energy Regulatory Commission to adopt
2 policies and regulations that will phase out or reform the
3 Reliability Pricing Model (RPM) to promote competition in the
4 electric market, increased efficiency and savings to electric
5 consumers.

6 WHEREAS, Regional transmission organizations and independent
7 system operators exist throughout the country as part of the
8 electric power market and are under the jurisdiction of the
9 Federal Energy Regulatory Commission (FERC); and

10 WHEREAS, PJM Interconnection, LLC, is a regional transmission
11 organization that administers wholesale markets in a region that
12 covers all or portions of Delaware, the District of Columbia,
13 Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey,
14 North Carolina, Ohio, Pennsylvania, Tennessee, Virginia and West
15 Virginia; and

16 WHEREAS, PJM Interconnection and other regional transmission
17 organizations and independent system operators are responsible
18 for providing and maintaining orderly wholesale electric power
19 markets and transmission of electric power; and

1 WHEREAS, Through PJM Interconnection and other regional
2 transmission organizations, wholesale power is bought and sold
3 in what is supposed to be a competitive market; and

4 WHEREAS, As part of PJM Interconnection's power markets, PJM
5 Interconnections had in place prior to 2007 a capacity market
6 whereby willing buyers and sellers purchased electric capacity
7 from each other in a competitive market, which produced
8 reasonable capacity prices; and

9 WHEREAS, In 2007, PJM Interconnection changed its capacity
10 market by adopting an administratively based Reliability Pricing
11 Model (RPM) whereby wholesale generation is paid at the highest
12 amount bid by wholesale generators, thereby resulting in an
13 artificially determined price instead of a competitive price;
14 and

15 WHEREAS, PJM Interconnection's RPM has resulted in
16 significant increases in the price of electric capacity with no
17 discernable increase in reliability; and

18 WHEREAS, The RPM has resulted in suppliers in PJM
19 Interconnection paying approximately \$18 billion over a three-
20 year period to electric generators solely for capacity, a
21 significant increase in the charges of \$3 billion for capacity
22 for the three years prior to the implementation of the RPM;
23 therefore be it

24 RESOLVED, That the Senate of Pennsylvania oppose PJM
25 Interconnection's Reliability Pricing Model and urge the FERC to
26 adopt policies and regulations to phase out or reform the RPM;
27 and be it further

28 RESOLVED, That the Senate urge FERC to adopt an energy policy
29 which better promotes competition in the electric market, as
30 well as places an increased emphasis on conservation, demand

1 response, renewable energy, energy-efficient alternatives and
2 innovation and technology to increase economic efficiency,
3 reduce electric usage and provide real savings to the average
4 consumer; and be it further

5 RESOLVED, That the Senate urge FERC to work with Congress on
6 legislative and regulatory initiatives to phase out or reform
7 the use of capacity charges and similar inefficient and
8 anticompetitive administrative price-setting mechanisms in favor
9 of policies and regulations which provide for fully mature
10 competitive wholesale and retail electric market design that
11 promotes customer choice, economic efficiency, long-term
12 contracting and realistic electric rates for retail consumers;
13 and be it further

14 RESOLVED, That copies of this resolution be transmitted to
15 the Governor of Pennsylvania, to each member of Congress from
16 Pennsylvania, to the commissioners of the Federal Energy
17 Regulatory Commission, to the commissioners of the Pennsylvania
18 Public Utility Commission and to the officers and board of PJM
19 Interconnection, LLC.