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S&P: Reducing Customer Affordability Challenges For Investor-Owned Utilities In The PJM

Key Takeaways

- In response to affordability concerns, PJM has completed its third consecutive capacity auction with price caps.
- PJM's modeling suggests that, absent these caps, its capacity prices would have been approximately 71% higher.
- To address an estimated 6.8 gigawatt (GW) reserve margin shortfall, PJM will conduct a reliability backstop procurement (RBP) for 15-year contracts, subject to a $555 per megawatt-day (MW-day) price cap.
- Our base case assumes that either a significant increase in generation supply or the continuation of price caps lead to a gradual decrease in affordability risks for investor-owned T&D utilities in the PJM.

Continue reading.

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