

January 9, 2025

**Competitive Power Ventures Comments to the Pennsylvania Public
Utility Commission Technical Conference on Resource Adequacy**

Docket No. M-2024-3051988

Competitive Power Ventures (CPV) appreciates the opportunity to provide comments on the energy resource adequacy in the Commonwealth of Pennsylvania. We thank the Pennsylvania Public Utility Commission (PAPUC) for focusing on this critical issue. As an independent power producer with multiple assets in the Keystone State, CPV has a keen interest in working with the Commonwealth to ensure a reliable mix of generation and promote future development opportunities.

CPV develops, owns, and operates power generation projects across the U.S. Over the last twenty-five years, CPV has developed and commercialized over 15 GW of power generation across North America, including natural gas combined cycle, wind and solar. Over the last decade we have developed and brought to market six new state-of-the-art natural gas-fired combined cycle plants, a development track record unmatched in the United States. Our current pipeline includes over 10 GW of renewable and dispatchable energy resources.

In Pennsylvania, CPV, with our partners, developed, built and operates the CPV Fairview Energy Center, a 1,050 MW combined cycle power plant located in Jackson Township, CPV Maple Hill Solar (100 MW) in Portage Township. CPV Rogue's Wind (114 MW) began construction in Clearfield and Cambria counties this past fall. CPV continues to look for additional opportunities to develop new projects in the Commonwealth.

Pennsylvania: A Strong Partner

We continue to believe that Pennsylvania is a strong and competitive state for energy development. Policymakers and regulators have prioritized responsible energy development with a mix of generation resources, providing reliable power while not prohibiting development opportunities. Unlike many states, Pennsylvania has been open for business and has avoided picking winners and losers. This has resulted in a balanced portfolio, ensuring lower prices for consumers, and providing for development opportunities that outcompetes many neighboring states.

As the region continues to see traditional thermal generation retire and new primarily renewable energy resources come online, questions about reliability and the value of capacity have started. PJM currently predicts that more than 20% of its existing fleet will retire by 2030. CPV encourages Pennsylvania to remain on its trajectory of promoting an all-of-the-above approach to energy development. While some neighboring states have gone down the path of prohibiting the development of certain technologies, Pennsylvania should prioritize the aspects that provide the most value to the Commonwealth's residents and businesses. Cost-effective, reliable, and lower carbon energy is possible without the wholesale elimination of certain types of resources.

PJM Market Changes

Over the last decade, PJM has seen price stagnation across the region. This stagnation occurred because of relatively flat demand and an oversupply of energy resources. The oversupply resulted in very low capacity market clearing prices, lower prices to ratepayers, which also sent the signal to some generation resources to retire. Some project owners retired their assets or had announced plans to retire. These low capacity prices also sent the signal to developers to look at other markets for opportunities. Now that system planners predict a growth in demand, capacity prices have increased to reflect the need for new generation resources. This has also reversed the decision of some generation owners to who had planned asset retirements and in some cases has driven certain owners to bring a retired resource back to the market. The increased prices also now signal developers to build new projects in Pennsylvania and across PJM. While capacity prices have increased reflecting demand, prices will lower in the future after market participants respond and bring new generation online. This system is the most efficient and cost-effective response to energy demand changes.

PJM, like many parts of the U.S., is experiencing significant demand increases for power to support economic development including data centers driven in no small part by the growth in artificial intelligence, microchip manufacturing, and new cryptocurrency mining operations.

CPV applauds PJM for suggesting new mechanisms to bring the most needed projects with the most useful capabilities online more efficiently, but continued work for permitting reform remains.

Support for Restructuring

CPV cautions against efforts that would undo some of the core principles of electric restructuring. Over the last 25 years, states with restructured energy markets, in general, have seen a significant buildout of new generation with the latest technology and improved reliability. In PJM specifically, states have seen significant annual savings, while also seeing a 43% reduction

in carbon emissions since 2005.¹ In Winter Storm Elliott, multiple non-restructured regions relied on power from restructured markets to prevent blackouts.

Independent power producers (IPPs) have been responsible for energy project development over the last two decades in Pennsylvania, and other entities are not able to develop, construct and bring projects online faster than IPPs. Non-IPP entities will face the same permitting and supply chain challenges, while also lacking recent development experience. One of the biggest benefits of restructuring is that the risk of cost overruns, timeline delays, and other challenges rest on the backs of developers and their investors and not on ratepayers. Policies that undo electric restructuring will once again place more risk on the residents and businesses of the Commonwealth.

New Ideas for Additional Development

CPV supports new approaches for attracting development. Reliable and consistent market signals provide one of the best incentives for cost-effective development. In some cases, the market alone may not be enough to ensure the level of resource adequacy that policymakers and regulators want. In those situations, states can pull additional levers to ensure higher levels of grid reliability.

CPV supported the Texas Energy Fund, which is leading to the development of more than 10 GW of dispatchable generation in the ERCOT region of Texas. A similar program in Pennsylvania, providing low interest loans to cover a large portion of the financing of an energy project, would provide a significant level of certainty to developers, improving the business case and ensuring substantial new investment in the Commonwealth. CPV applauds Senator Gene Yaw who brought this idea forward in the fall of 2024 as an idea to address resource adequacy concerns. If done properly, Pennsylvania could see the same level of investment and ensure a reliable energy future for decades to come.

Like the Texas Energy Fund, a similar program for Pennsylvania would be budget positive for the state with loans repaid with interest. This program lowers the cost of new development, helping to address one of the most challenging aspects of bringing new generation online, while still keeping risk on the developer, who is ultimately responsible for the full repayment of the loan. Lastly, this type of program prevents issues seen in traditional state contracting for resources, which in some locations over the last 10 years has seen contract prices increase over 30% since the announcement of the original agreement.

¹ PJM Inside Lines: “Emission Rates in PJM Reach All-Time Low,” (March 28, 2024).
<https://insidelines.pjm.com/emission-rates-in-pjm-reach-all-time-low/>

Thank you for the opportunity to provide input on this very important manner. CPV is happy to share any additional information or answer any questions that the PAPUC may have as you continue to work towards commonsense solutions for the Commonwealth.

Sincerely,

/s/Thomas J. Rumsey

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EVP, Sustainability & External Affairs