



**Willie L. Phillips**  
**Chairman**

April 23, 2020

**Via Email**

Dr. Joseph Bowring  
Monitoring Analytics  
2621 Van Buren Avenue, Suite 160  
Eagleville, PA 19403

Re: FRR Analysis Request

Dr. Bowring:

Over the course of several months, our staff has been engaged in conversations about the potential impact of using the Fixed Resource Requirement (FRR) option to satisfy the capacity obligations for the District of Columbia. The District of Columbia is unique in that it has very little generation. This fact is critically important as we ensure that our District residents have reliable, affordable, and sustainable energy services.

As we explore the potential impact, we want to solicit your expertise in providing the technical analysis for our consideration. We understand you have completed a similar analysis for other states (such as Illinois and Maryland) to assess the FRR impact on customers. It will be interesting to know the ramifications if the local distribution company – Pepco-DC – elects to not participate in the PJM capacity market and to use the FRR Model due to the FERC MOPR decision.<sup>1</sup>

Among other things, the MOPR decision determined that the “State default service auctions meet the definition of State Subsidy...” This is disconcerting because DC has a Standard Offer Service (SOS) procurement in which Pepco procures the Wholesale Full Requirements Service from wholesale suppliers. Based on the order, the SOS may be subject to the MOPR.

Specifically, we want to know 1) What will happen to DC customers if Pepco-DC elects the FRR?, 2) What is the cost impact under the current RPM and the FRR Model, and 3) If Pepco-DC and

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<sup>1</sup> *Calpine Corporation, et al. v. PJM Interconnection, L.L.C., Order on Rehearing and Clarification, Docket Nos. EL18-178-002 & EL16-49-002 (Consolidated), issued April 16, 2020 (MOPR decision).*

Pepco-MD join together to do the FRR, what will be the cost impact on DC customers and Maryland customers, respectively? In addition, if you have other information that you think is germane to our consideration, please include it in your analysis.

Please direct any questions regarding this request to me, or my policy advisor, Felicia West, at 202-626-5104. Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script, reading "Willie Phillips".

Willie L. Phillips