

ASSEMBLY RESOLUTION No. 278

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED DECEMBER 13, 2021

Sponsored by:

Assemblywoman JOANN DOWNEY

District 11 (Monmouth)

SYNOPSIS

Expresses support for competitive wholesale energy market operated by PJM Interconnection.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ASSEMBLY RESOLUTION** expressing support for a competitive
2 wholesale energy market.
3

4 **WHEREAS**, PJM Interconnection (PJM) is a regional transmission
5 organization servicing the State of New Jersey, the District of
6 Columbia, and 12 additional states, that is responsible for managing
7 and operating the high voltage, multi-state electric grid,
8 coordinating the flow of electricity from power plants to local
9 utilities, and operating the wholesale energy market; and

10 **WHEREAS**, In the wholesale energy market, energy generators bid to
11 generate the electricity transmitted by PJM to 65 million people.
12 PJM directs the lowest-cost power resources to generate electricity
13 first and only transmits more expensive resources incrementally as
14 needed, while reserving the highest-cost resources for brief periods
15 of peak consumer demand; and

16 **WHEREAS**, Because the lowest-cost power resources are transmitted
17 first, PJM's wholesale energy market encourages competition
18 among energy generators to keep the price of electricity low, and
19 has saved consumers in PJM's service region, including New
20 Jersey, between \$3.2 and \$4 billion in electricity costs annually;
21 and

22 **WHEREAS**, The low electricity costs driven by PJM's wholesale
23 energy market have resulted in economic growth in regions
24 serviced by PJM because commercial and industrial businesses are
25 attracted to affordable electricity prices and those living within PJM
26 service regions have more disposable income to spend on goods
27 and services; and

28 **WHEREAS**, PJM offers reliable service to consumers by operating two
29 reliability markets. In the capacity market auction, electricity
30 generators agree to generate electricity for PJM service regions at a
31 future date to meet future electricity demand, while PJM's ancillary
32 service market ensures energy reserves are available for quick
33 transmission during emergency situations; and

34 **WHEREAS**, PJM runs a large and complex system with inter-zonal
35 transmission lines and load diversity, which enhances reliability
36 during peak customer demand and emergency situations by
37 seamlessly transmitting electricity from zones at excess capacity to
38 zones in need of electricity; and

39 **WHEREAS**, The competitive environment created by PJM's wholesale
40 energy market encourages energy generators to invest in
41 technologies that reduce emissions harmful to the environment,
42 such as natural gas power plants in favor of coal power plants,
43 because environmentally friendly technologies are more cost-
44 effective and provide a competitive advantage to energy generators;
45 and

46 **WHEREAS**, One megawatt of electricity transmitted by PJM today is
47 produced with 13 percent less carbon dioxide than it was 10 years
48 ago, 30 percent of PJM's generation mix is less carbon intense than

4 **WHEREAS**, It is fitting and proper for this House to express support for
5 the competitive wholesale energy market operated by PJM
6 Interconnection to ensure that all New Jersey residents continue to
7 have access to electricity that is affordable, reliable, and generated
8 by environmentally friendly means; now, therefore,

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PJM offers reliable service to consumers by operating two reliability markets. The capacity market auction ensures PJM has enough electricity to meet future electricity demand. The ancillary

1 service market ensures energy reserves are available for quick
2 transmission during emergencies. PJM further ensures reliable
3 service by transmitting electricity from zones at excess capacity to
4 zones in need of electricity. The competitive environment fostered
5 by PJM's wholesale energy market encourages energy generators to
6 invest in environmentally friendly technologies that reduce harmful
7 emissions. Many energy generators have switched from using coal
8 power plants to natural gas power plants because environmentally
9 friendly technologies are more cost-effective, and therefore provide
10 a competitive advantage in the wholesale energy market. As a
11 result, the generation of electricity transmitted by PJM today
12 produces lower levels of harmful emissions than it did 10 years ago
13 and CO2 emissions have dramatically decreased. PJM operates to
14 provide New Jersey residents affordable, reliable, and
15 environmentally friendly electricity and it is important that New
16 Jersey residents continue to have access to PJM's services.