



March 17, 2017

Mr. Andrew L. Ott
President and Chief Executive Officer
PJM Interconnection, LLC
2750 Monroe Boulevard
Audubon, PA 19403

Dear Mr. Ott:

I am writing on behalf of the American Coalition for Clean Coal Electricity (ACCCE) to highlight three issues:

- The retirement of a large number of coal-fired electric generating units (EGUs);
- Likely changes in Federal environmental policies; and
- Market rules that do not properly value baseload coal-fired generation.

ACCCE is a national trade organization comprised of major industries — electricity generators, coal producers, railroads, and equipment manufacturers — involved in generating electricity from coal. We are the only national trade association whose sole mission is to advocate at the federal and state levels on behalf of coal-fired electricity.

Retirements As you know, baseload coal-fired generation is a vital source of affordable electricity and critical to maintaining the reliability of the electricity grid. However, a large number of coal-fired electric generating units (EGUs) are shutting down because of regulatory policies and low natural gas prices. Currently, one-third of the U.S. coal fleet — almost 99,000 megawatts (MW) — has either retired or announced plans to retire. Three-fourths of these retirements have been attributed to EPA policies. In the PJM region, 121 coal-fired EGUs (totaling 20,100 MW) have retired, and owners have announced intentions to retire 28 more coal-fired EGUs (totaling 8,930 MW). A large number of retirements raises questions about being able to maintain a diverse and reliable supply

of baseload power. *Therefore, we urge PJM to consider steps that would avoid further retirements of coal-fired EGUs.*

Environmental Policies We are confident the new Administration will withdraw or rewrite environmental regulations that are causing, or could cause, more coal retirements. ACCCE has identified a number of these regulations and policies and has suggested solutions to the Administration. These rules include the Clean Power Plan, Coal Combustion Residuals, Effluent Limitations Guidelines, Cross State Air Pollution Rule, and Regional Haze. *Therefore, we believe it makes sense for PJM to take into account the likelihood of changes to Federal environmental policies.*

Market Rules The improvements PJM has made to its capacity market construct are a step in the right direction to encourage the investments necessary to ensure reliable power supplies for the region. However, we do not think these changes go far enough in recognizing the advantages of baseload coal-fired generation. In particular, the changes have not led to higher capacity prices that are necessary to keep coal plants from prematurely retiring. Furthermore, baseload generation is being disadvantaged by unfair subsidies and preferences for other resources. *Therefore, we request that PJM re-evaluate its policies in order to ensure that the reliability attributes of coal-fired generation — during all seasons of the year — are properly valued relative to other less reliable sources of generating capacity.*

PJM plays a critical role in ensuring reliable operations, efficient wholesale markets, and infrastructure planning. For that reason, ACCCE would welcome the opportunity to discuss how we might help to support your mission.

Sincerely,

A handwritten signature in black ink that reads "Paul Bailey". The signature is written in a cursive, flowing style.

Paul Bailey
President and CEO