



Save these Dates!

**PMEA 2023 Annual Conference – September 3 – 5, 2025
@ Omni Bedford Springs, Bedford**

PMEA Business Workshop (formerly Finance Workshop*)
– September 3, 2025 @ Omni Bedford Springs, Bedford**

**2025 Training for Line Crews –
Watch your email for announcement of training courses and dates**

**PMEA Spring Superintendents/ Foremen Meeting
April 10 & 11, 2025 @ The Nittany Lion Inn, State College**

Ephrata Assists in Storm Cleanup

Ephrata provided mutual aid to storm impacted areas in southeast following Hurricane Helene. The crew included Foreman Adam Schuman, Lineman Ben Rebman, Fifth Step Apprentice Kevin Neiles. The Ephrata team assisted in Tallahassee, FL and Rock Hill, SC.



Their participation demonstrates how important mutual aid is to communities experiencing storm damage – particularly the widespread destruction caused by the hurricane. You can learn more about mutual aid through APPA, click [here](#), or through AMP.

Thank you to the Ephrata crew for your service!



PJM Capacity Market Crisis: A Storm of Challenges Drives Record Prices

The PJM Interconnection's recent capacity auction has sent shockwaves through the energy industry, with record-breaking prices highlighting deep-seated challenges in the nation's largest electricity market. The clearing price 2025/2026 delivery year represents a dramatic increase that will ripple through consumer bills across the 13-state region, raising fundamental questions about market design and energy transition strategies.

Breaking Down the Price Surge

The latest auction results reveal a complex interplay of factors driving prices to unprecedented levels. The RTO-wide clearing price represents more than a nine times increase from previous auctions, with some zones experiencing even higher prices due to transmission constraints. This translates to approximately \$12.5 billion in additional capacity costs compared to the previous auction.



"This price signal reflects a market responding to significant reliability challenges," notes James Wilson, an independent market monitor consultant. "But it also raises questions about whether the current market structure can efficiently manage the energy transition."

Historical Context and Price Trends

The path to the current crisis reveals a steady erosion of capacity margins. Previous auctions typically cleared between \$50 and \$140/MW-day, with occasional spikes during periods of resource constraint. However, the current price level represents an unprecedented leap that cannot be explained by historical patterns alone.

Key trends contributing to this trajectory include:

- Accelerated retirement of conventional generation
- Delayed entry of new resources due to interconnection queue backlogs
- Growing transmission constraints between regions
- Increasing impact of extreme weather events on reliability planning

Policy Reform Proposals Gain Momentum

The price shock has catalyzed discussions about fundamental market reforms. Several key proposals have emerged:

Short-Term Measures

- Enhanced integration of seasonal resources to expand capacity options
- Accelerated transmission planning and development
- Reformed interconnection queue processes
- Improved coordination with state clean energy programs

Long-Term Structural Changes

Fundamental market redesign options including:

- Seasonal capacity requirements
- Enhanced flexibility requirements
- Integration of storage and hybrid resources
- Reformed resource adequacy measurements

Stakeholder Perspectives

Generator Position

Power producers argue the prices reflect genuine scarcity and necessary investment signals. "These prices are essential to maintain existing resources and attract new investment," states John Smith, CEO of a major generating company. "The market is working as designed by revealing the true cost of reliability."

Consumer Advocates

Consumer groups express alarm about rate impacts. "This represents an unprecedented transfer of wealth from consumers to generators," argues Sarah Johnson of the Consumer Protection Alliance. "We need immediate reforms to protect ratepayers while maintaining reliability."

State Regulators

Regulatory responses vary by state, reflecting different policy priorities:

- Maryland and New Jersey accelerating offshore wind development
- Virginia emphasizing solar and storage integration

Path Forward

The PJM capacity crisis represents a critical juncture for the nation's largest electricity market. While the immediate price shock has captured headlines, the underlying challenges require thoughtful, comprehensive solutions:

1. Market Evolution

- Reform capacity market structure
- Improve price formation
- Enhance flexibility valuation
- Better align with state policies

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PJM Crisis *(continued)*

2. Infrastructure Development

- Accelerate transmission expansion
- Support generation development
- Enhance grid resilience
- Improve regional coordination

3. Policy Integration

- Coordinate state and federal policies
- Balance reliability and clean energy goals
- Protect consumer interests
- Maintain market efficiency

The PJM capacity crisis represents more than a temporary price spike; it signals the need for fundamental changes in how we plan, operate, and regulate electricity markets. Success will require unprecedented cooperation between stakeholders, innovative technical solutions, and careful balance between competing priorities.

As the market moves forward, the focus must remain on developing sustainable solutions that maintain reliability, support the energy transition, and protect consumer interests. The decisions made in response to this crisis will shape the future of electricity markets not just in PJM, but across the nation.

Is PA Ready for Clean Energy Technologies

Team Pennsylvania fielded a 38-question survey and conducted follow-up interviews targeting large energy consumers to understand the current status of — and future opportunities for — hydrogen (H2) and carbon capture, utilization, and sequestration (CCUS) demand in Pennsylvania.

There were twenty-three complete survey responses from a relatively diverse set of organizations in terms of industry, size, and geography. Here are the five key findings:

- Pennsylvania organizations are familiar with both CCUS and H2 technologies, but H2 deployment plans are more mature.
- Respondents recognize the adaptability of H2, and most foresee multiple use cases for H2 in their operations.
- Power and heat generation in energy and manufacturing are the nearest-term applications for H2 in PA – assuming a competitive price.
- Potential H2 off-takers are most interested in policies that reduce the unit cost of hydrogen use and adoption.
- Unlike H2, the successful deployment of CCUS infrastructure in Pennsylvania depends on more than cost alone.

Among organizations well-versed in H2 and CCUS technologies, planning for H2 adoption appears far more advanced: projects are better defined, largely do not require substantial changes in infrastructure or business operations, and are nearer to deployment. More work is needed to spur similar advancements on CCUS.

Respondents' relative familiarity with H2 over CCUS applications coupled with perceived barriers to deployment suggest that while CCUS may have a future decarbonizing emissions, it is unlikely to be favored over clean H2 for low-carbon power, heat, and steam generation – unless and until a price on carbon or permanent changes to tax credits make CCUS an attractive long-term investment.

[View the survey results](#)

Summary reprinted compliments of Team PA, September 2024. Team PA has been involved in a key hydrogen project in the Commonwealth which was awarded a federal grant last year.

Importance of Transmission: A National Security Issue

The SAFE Grid Security organization recently released a fact sheet on the importance of transmission to America's economic security. The fact sheet highlights how America's security and prosperity heavily depend on the grid's ability to generate and distribute abundant, affordable, and reliable power. Currently, the nation faces significant challenges in its transmission infrastructure development, with new transmission projects taking three to seven times longer to complete than power generation installations. This bureaucratic gridlock has created a substantial backlog of nearly 12,000 power generation projects, according to FERC, effectively hampering economic growth and the reindustrialization of critical supply chains.

The economic impact of these infrastructure limitations is substantial. Power outages currently cost the U.S. economy approximately \$150 billion annually, with large manufacturing enterprises potentially losing over \$5 million for just a single hour of downtime. Weather-related outages alone account for \$40-75 billion in annual losses. The devastating impact of inadequate transmission infrastructure was starkly illustrated during the 2021 Winter Storm Uri in Texas, which resulted in 210 deaths and approximately \$80 billion in losses.

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Importance of Transmission (continued)

Expanding transmission infrastructure offers multiple critical benefits for American industry and economic security. It would lower energy costs through improved market connectivity and reduced grid congestion, while preventing costly power shortages. Enhanced infrastructure would also create more predictable energy costs, enabling industries to better plan their long-term operations and secure financial support for reshoring initiatives. This is particularly crucial for energy-intensive industries that the U.S. hopes to reshore.

Furthermore, a robust, modern transmission system would significantly improve grid resilience against extreme weather events and cyber-attacks, while speeding up recovery processes when disruptions occur. By enabling better management of electricity supply and demand across larger geographic areas, an expanded transmission network would help stabilize prices and provide access to a wider variety of energy sources. This diversification would help mitigate the impact of price spikes in any single fuel source, creating a more stable and attractive environment for industrial growth and reinforcing America's long-term economic security.

The Fact Sheet can be accessed [here](#).

SAFE is an action-oriented, nonpartisan organization committed to transportation and energy policy solutions that advance the economic and national security of the United States, its partners, and allies. SAFE has convened business and former military leaders since 2004 to advocate for secure, resilient, and sustainable energy solutions. Visit secureenergy.org to learn more.

Associate Member Spotlight

Osmose provides inspection, life extension and rehabilitation services designed to build resiliency in transmission and distribution infrastructure. Osmose also provides corrosion mitigation and engineered repairs for steel structures, structural load analysis and a variety of turnkey infrastructure enhancement and upgrade solutions. As an industry leader, Osmose leverages decades of inspection data by using analytics to help customers understand their asset health and optimize their approach to structure maintenance.



Please visit Osmose at osmose.com or contact Paul Brewster, Director Business Development at pbrewster@osmose.com.

Power Course Available

PMEA's Public Power Governance 101 educational video is available to all member municipalities. The course is designed for elected officials, staff, and stakeholders in Pennsylvania's 35 public power communities. This comprehensive module offers invaluable insights into the management and operation of municipal electric systems.

PUBLIC POWER GOVERNANCE 101



Individuals completing the course may request a certificate of completion from PMEA. Borough councils may want to watch the video together and discuss the topics. PMEA staff is also available to come to your meetings to discuss the content with the council and/or staff. If you are interested in viewing the course, please contact Diane Bosak (bosak@papublicpower.org) at the PMEA office, for a private link to the video on our PMEA YouTube channel.

2024 Will Be Better If You Share Your News....

Please share with us your exciting new projects, photos, personnel updates, and any other news you want to spread the word about. We know there is much happening in our member communities! Your submissions should be sent to bosak@papublicpower.org at any time and we will use them in upcoming editions. We also welcome your suggestions for topics of interest for our newsletters.

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