

June 26, 2020

VIA ELECTRONIC MAIL

Ake Almgren, Chairman
Manu Asthana, President & CEO
The PJM Board of Managers
2750 Monroe Blvd.
Audubon, Pennsylvania 19408

Re: Carbon Pricing Senior Task Force

Dear Dr. Almgren, Mr. Asthana, and the PJM Board of Managers,

The undersigned organizations, which encompass a broad and diverse range of interests within PJM, write to emphasize the importance of PJM continuing its efforts to consider integrating carbon pricing in its market. With continued and heightened focus by states in the PJM market on reducing carbon emissions from power generation, PJM should continue to work with stakeholders to explore the relative roles that its competitive wholesale markets and state policies should play in shaping the quantity and composition of resources needed to meet such carbon emission reduction goals while cost-effectively meeting future reliability and operational needs. We also note that the Federal Energy Regulatory Commission recently announced a Commissioner-led technical conference to explore considerations related to carbon pricing in organized markets.¹

PJM is currently grappling with how to reconcile wholesale markets and state policies related to reducing carbon emissions.² Given the current interest in exploring how PJM's competitive wholesale markets can be better aligned with state policy objectives,³ PJM, stakeholders, and state regulators need to continue to discuss issues raised regarding integrating state carbon pricing policies in PJM's market. To that end, it is paramount that the Carbon Pricing Senior Task Force⁴ continue to explore practical, technical, and implementation issues related to how PJM's markets can potentially account for state policy through carbon pricing.

¹ FERC, *Carbon Pricing in Organized Wholesale Electricity Markets*, Docket No. AD20-14-000 (June 17, 2020), available at <https://www.ferc.gov/CalendarFiles/20200617164623-AD20-14-000%20TC.pdf>.

² In light of the Federal Energy Regulatory Commission's December 19, 2019, decision related to PJM's capacity market and the Minimum Offer Price Rule, several PJM states — including New Jersey, Maryland, and Illinois — are examining non-market solutions, such as the Fixed Resource Requirement, as alternatives to PJM's capacity market to meet their carbon reduction and clean energy policy-related goals.

³ As PJM noted in its August 2017 white paper, entitled *Advancing Zero Emissions Objectives through PJM's Energy Markets: A Review of Carbon-Pricing Frameworks*, "market design can advance state policy initiatives and adapt to changing conditions to ensure the PJM region continues to reap the benefits of competitive markets."

⁴ PJM established the Carbon Pricing Senior Task Force in August 2019. The task force has examined a multitude of technical, economic, legal, and policy issues associated with potentially implementing a carbon pricing framework in PJM. Notably, it is scheduled to meet on June 30, 2020 to discuss, among other issues, its path forward, as well as the state of discussions related to carbon pricing in PJM generally.

We thank PJM for its leadership on this topic to date and, for the reasons discussed above, encourage it to continue that conversation through the Carbon Pricing Senior Task Force. Thank you in advance for consideration of our request.

Sincerely,

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