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July 21, 2020

VIA Electronic Mail

Katherine Gensler Gizelle Wray Solar Energy Industries Association	Sari Fink Gene Grace American Wind Energy Association	Tyler Stoff American Council on Renewable Energy
Andrew Slater Ruth Price DE Division of the Public Advocate	Robert Helton ENGIE North America, Inc.	Rodica Donaldson EDF Renewables
Jeffery S. Dennis Advanced Energy Economy	Patricia Jagtiani Natural Gas Supply Association	Hamilton Davis Southern Current
Martin Mugica Skyline Renewables	Paul Esformes Ecoplexus	Ed Murray Aztec Solar, Inc.
John Sterling First Solar, Inc.	Cari VanAmburg Recurrent Energy	Rob Stupar Invenergy, LLC
Amanda J. Frazier Vistra Energy	Michelle Gardner NextEra Energy Resources	Giovanni Dubon BayWa r.e. Solar Projects, LLC
Kelli Joseph, PhD Clearway Energy Group	Steve Caminati Apex Clean Energy, Inc.	John Brodbeck EDP Renewables, North America
Frederick Zalcman Orsted North America, Inc.	Kevin E. Gresham Jennifer Ayers-Brasher RWE Renewables Americas, LLC	Jonathan Pike Cypress Creek Renewables
Greg Geller Enel North America, Inc.	Devin Hartman R Street Institute	Tom Rumsey Competitive Power Ventures
John Reese Eastern Generation, LLC	Alyssa Edwards Lightsource BP	

Dear Stakeholders,

Thank you for your letter of June 26 requesting that PJM continue the Carbon Pricing Senior Task Force (CPSTF) to “explore practical, technical, and implementation issues related to how PJM’s markets can potentially account for state policy through carbon pricing.” Markets can and to the extent possible should be leveraged to help deliver state and federal policy initiatives and adapt to changing conditions so the PJM region can continue to reap the benefits of competitive markets.

PJM appreciates stakeholder engagement in the CPSTF to date. As we have maintained, PJM is not developing a carbon price mechanism. Rather, the task force is evaluating how carbon pricing advanced through state policy determinations can be integrated into PJM’s markets. To further that goal, and as noted in your letter, PJM has worked with its stakeholders and others in the industry to provide education and analysis on a wide range of topics covering technical, economic, legal and policy issues, including:

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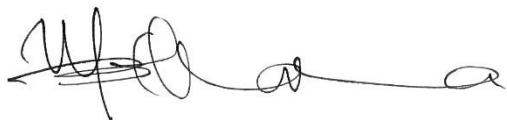
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- education by PJM, industry experts and the PJM independent market monitor on current state public policies to reduce carbon emissions and potential market impacts;
- education around the Regional Greenhouse Gas Initiative (RGGI) (by a RGGI representative and industry and state experts);
- a panel discussion representing different state perspectives on carbon pricing;
- presentations by other Regional Transmission Organizations and Independent System Operators as to their efforts around integrating carbon pricing in their markets;
- review by various think tank and trade groups of legal and jurisdictional issues;
- ongoing presentations of PJM's analyses of the impacts of leakage and potential leakage mitigation design, including review of multiple stakeholder-requested scenarios;
- presentation of analysis conducted by an outside expert around leakage mitigation; and
- presentations by several stakeholders representing various points of view on the issues and how to proceed.¹

Given the education and analysis to date, and being mindful of the upcoming FERC Technical Conference scheduled for September 30, 2020, PJM is seeking stakeholder input for next steps in this process and plans to poll stakeholders following the July task force meeting.

As your letter notes, this is an important issue, and PJM hopes to continue this conversation subject to guidance provided to PJM from our stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read 'Manu Asthana', with a long horizontal flourish extending to the right.

Manu Asthana
President and CEO, PJM Interconnection

¹ All Carbon Pricing Senior Task Force materials can be found [here](#).