



Organization of PJM States, Inc. (OPSI)

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March 18, 2022

The PJM Board of Managers
c/o Mr. Mark Takahashi, Chairman
c/o Mr. Manu Asthana, PJM President and CEO
Mr. Dave Anders, Facilitator of the Resource Adequacy Senior Task Force
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, Pennsylvania 19408

Dear Mr. Takahashi, Mr. Asthana and Mr. Anders:

As an outcome of initial discussions of PJM’s Resource Adequacy Senior Task Force (“RASTF”), as well as that group’s charter, PJM Members are currently voting on an Issue Charge with the intent of determining the direction of future discussions related to the integration of PJM markets with State energy policy goals. The Organization of PJM States, Inc. (“OPSI”) encourages Stakeholders to examine how PJM can better support State energy policies as part of the new Senior Task Force¹.

The OPSI Board has noted several times that PJM’s markets should accommodate the interaction of the capacity market with energy attribute procurement practices that meet the needs of State energy policies, “including allowing States, on a voluntary basis, to meet their policy objectives through the PJM markets.”² In seeking to explore options to further the goal of procuring resources in line with State policies, OPSI has formed the Competitive Policy Achievement Working Group (“CPAWG”) to engage PJM and interested stakeholders to consider market mechanisms to better achieve State energy policies within the PJM marketplace.

As the nation’s energy policy landscape evolves, so should consideration of novel ways to help meet State policies in a cost effective manner. The new Senior Task Force promises to allow for a comprehensive

¹ Approved by the OPSI Board of Directors on March 18, 2022, with the following states in support: Delaware PSC, District of Columbia, Illinois CC, Indiana URC, Kentucky PSC, Maryland PSC, Michigan PSC, New Jersey BPU, North Carolina UC, Pennsylvania PUC, Tennessee PUC, Virginia Corporation Commission, PSC of West Virginia. Abstain: PUC of Ohio.

² Cite: <https://opsi.us/wp-content/uploads/2021/10/OPSI-Competitive-Policy-Achievement-Staff-Working-Group-10.21.21.pdf>

discussion of market enhancements to enable States and other willing buyers to procure resource attributes, on a voluntary basis, through a centralized regional procurement or market.³

OPSI and its Member states look forward to engaging with PJM Staff in detail to scope analysis responsive to OPSI's request, and we look to the CPAWG to lead this effort. In the next phase of the CPAWG, staff in OPSI Member States will be working together to identify the desirable attributes that State entities, market participants, and consumers within the Member States may wish to procure through any voluntary regional market. We request PJM staff to support the CPAWG in this effort.

As we embark on this next phase, OPSI continues to emphasize the principles first articulated in our January 8, 2021 letter to the PJM Board,⁴ and provides these additional guidelines to inform PJM's future work:

- PJM should consider allowing States and other buyers⁵ the option to voluntarily purchase energy that meets State policy specifications, including the ability to preference capacity from certain resource types, purchase energy attributes which satisfy State objectives, or advance other State policies, in a manner that collectively meets these preferences on a competitive, least-cost basis, consistent with reliability.
- Purchases in any expanded PJM market must be voluntary for States and other buyers, and respect existing jurisdictional boundaries.
- Any voluntary market for these products must respect and accommodate State procurements, competitive solicitations or policy choices and must allow States to continue to meet their energy policies/preferences without change to existing policies.
- Any reformed construct should enable a wide variety of voluntary buyers and regulatory models represented across the PJM States and continue to allow States the option of meeting resource adequacy through a mechanism independently such as the Fixed Resource Requirement.
- Effective and appropriate market power mitigation is imperative for a properly functioning market design, and for enabling additional transparency to States and consumers regarding the cost and resources contained in their supply mix.

OPSI appreciates the cooperative nature of PJM Staff and stakeholders in attempting to work through these challenging issues. We look forward to continuing this engagement and actively participating in the new task force.

³ In investigating regional procurement of resource attributes, the new Senior Task Force should not be limited to clean energy or decarbonization but should address all State policies.

⁴ Cite: <https://www.pjm.com/-/media/about-pjm/who-we-are/public-disclosures/20210114-opsi-letter-re-the-future-resource-adequacy.ashx>

⁵ Buyers may include, but are not limited to, municipalities, utilities and retail providers.

Sincerely,

A handwritten signature in black ink that reads "David L. Ober". The signature is written in a cursive style with a large, looped initial "D".

David Ober, President
Organization of PJM States, Inc.