Clean Power Plan Future Still to be Determined

- **August**
  - Clean Power Plan Final Rule and Proposed Federal Plan

- **September 27, 2016**
  - DC circuit court of Appeals heard oral arguments on the Clean Power Plan

- **2014**
  - June
    - Proposed Clean Power Plan

- **2015**
  - October
    - OPSI requested PJM to evaluate the impacts of the Clean Power Plan on the PJM system

- **2016**
  - February
    - Supreme Court stayed implementation of the Clean Power Plan
<table>
<thead>
<tr>
<th><strong>Study Objectives</strong></th>
<th><strong>CPP Model</strong></th>
<th><strong>Market Efficiency Model</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimize compliance and load cost but states have many other criteria for choosing a compliance path</td>
<td>Mitigate transmission congestion with project approval based on exceeding 1.25 Benefits-to-Cost Ratio</td>
</tr>
<tr>
<td><strong>Fuels</strong></td>
<td>ABB Spring 2016 reference case</td>
<td>ABB Spring 2016 reference case</td>
</tr>
<tr>
<td><strong>Generator Operating Characteristics</strong></td>
<td>ABB Spring 2016 reference case</td>
<td>ABB Spring 2016 reference case</td>
</tr>
<tr>
<td><strong>Generator Retirements</strong></td>
<td>Announced and regulatory driven economic retirements</td>
<td>Announced retirements</td>
</tr>
<tr>
<td><strong>Thermal Generator Entrants</strong></td>
<td>Economic and planned under construction</td>
<td>FSA and ISA units</td>
</tr>
<tr>
<td><strong>Wind and Solar Entrants</strong></td>
<td>Planned and economic based on NREL technical sites</td>
<td>FSA and ISA units</td>
</tr>
<tr>
<td><strong>External World</strong></td>
<td>Injection and withdrawal model</td>
<td>PJM + neighbors economic interchange with hurdles</td>
</tr>
</tbody>
</table>
State Compliance Choices will Drive Different Transmission Solutions to Address Reliability for Various Resource Futures

Not shown: State compliance pathways lead to a different CO₂ price by state. Some states’ CO₂ prices are higher than the trade-ready price and others are lower.
CO₂ Prices and PJM’s Market Efficiency Analysis

• CO₂ price curves from PJM CPP analysis are based on EPA’s CO₂ targets for CPP compliance and are very sensitive to model assumptions

• Federal district court and ultimately supreme court decisions may change the rule’s implementation

• States have seven different compliance pathways and their choices will have very different impacts on resource entry and exit

• Ultimately policy and regulatory framework to enforce CO₂ limits creates significant uncertainty for infrastructure planning within PJM’s Market Efficiency base case development or for sensitivity analysis

Inadvisable at this Time to Incorporate CO₂ Prices into PJM’s Market Efficiency Analysis