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Sent: Friday, October 07, 2022 3:04 PM

To: Baker, Scott <Scott.Baker@pjm.com>; Callaghan, Christopher R. <Christopher.Callaghan@pjm.com>

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Subject: FW: [Notification] Clean Attribute Procurement Senior Task Force - Request for Analysis Input

Scott and Chris, in response to the request for input, largely repeating what I said at the meeting.

1. Clearly specify what party is the source of all assumptions used in the analysis. It would be great if there would be a PJM scenario, wherein PJM stands behind every assumption as at least reasonable.
2. Clearly specify, for every result reported, what assumptions were used and from what party.
3. Differences between status quo, sequential, and integrated (presentation slide 3): In addition to the 5% transaction cost for status quo, add other distinctions:
 - a. Seller discounted offer under status quo for long-term contract compared to markets with 1-year commitments. I suggest 10%.
 - i. [note – there is suggestion the markets may offer multi-year for new resources, I am skeptical that will hold, see below]
 - b. Buyer premium in offers under status quo reflecting ability to select specific resources considering all attributes (such as location/state; specific land use, specific resource type, likely future marginal carbon abatement, etc. etc.) I suggest 10%.
4. If you will include price locks for new resources (which I don't think FERC will allow), note that the future costs of these commitments must be allocated to demand bids that volunteer to be locked for the identified period. So you will need assumptions about multi-year demand bids and prices. I suggest a parameter reflecting the discount a buyer would seek to be willing to lock for multiple years rather than going year by year. I suggest 10%.

And again, I hope you will report out the marginal abatement value of all resources both cleared and uncleared.