

# CAPSTF Analysis, Status Update

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- Data and model enhancements, most notably:
  - Alignment of policy retirements with other PJM studies
  - Costs allocation across states
- Developed additional scenarios:
  - Forward Clean Energy Market (FCEM) for a common REC with elastic voluntary demand for the common REC (case 2D in CPAWG's request)
  - FCEM for a common REC with elastic voluntary demand for a broader Clean Energy Attribute Credit (CEAC; case 2E in CPAWG's request)

- PJM’s view is that a centralized market would improve welfare as long as voluntary. But the model is not well suited to quantifying that improvement because it does not explicitly account for the costs and benefits of the various ways participants trade RECs today, e.g., RFPs, PPAs, self-supply.
- PJM will answer CPAWG and Wilson Energy Economics’ (consultant on behalf of the consumer advocate offices in NJ, PA, MD, DC, and DE) status quo simulation requests by assuming that suppliers offer unbundled RECs into a centralized market at price:
  - *Fixed cost × multiplier – expected energy profits – expected capacity payments*
- The multiplier is equal to 1.05 in CPAWG’s requested simulation and 0.95 in Wilson Energy Economics’ requested simulation, reflecting differing assessments of the status quo costs (information frictions and transaction costs) and benefits (hedging and improved finance access through long-term contracting for suppliers and ability to customize the product definition for demanders)
- Demand curves are vertical and set based on states’ RPS mandates

- Simulate additional cases:
  - Capacity market with clean capacity constraints
  - FCEM followed by capacity market with clean capacity constraints
  - Capacity market followed by FCEM (IMM's request)
  - Simulate status quo as per CPAWG and Consumer Advocate's requests
- Next meeting:
  - We will release a new batch of results
  - We also hope to be able to publish more data (we are completing internal checks)

**Presenters:**

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