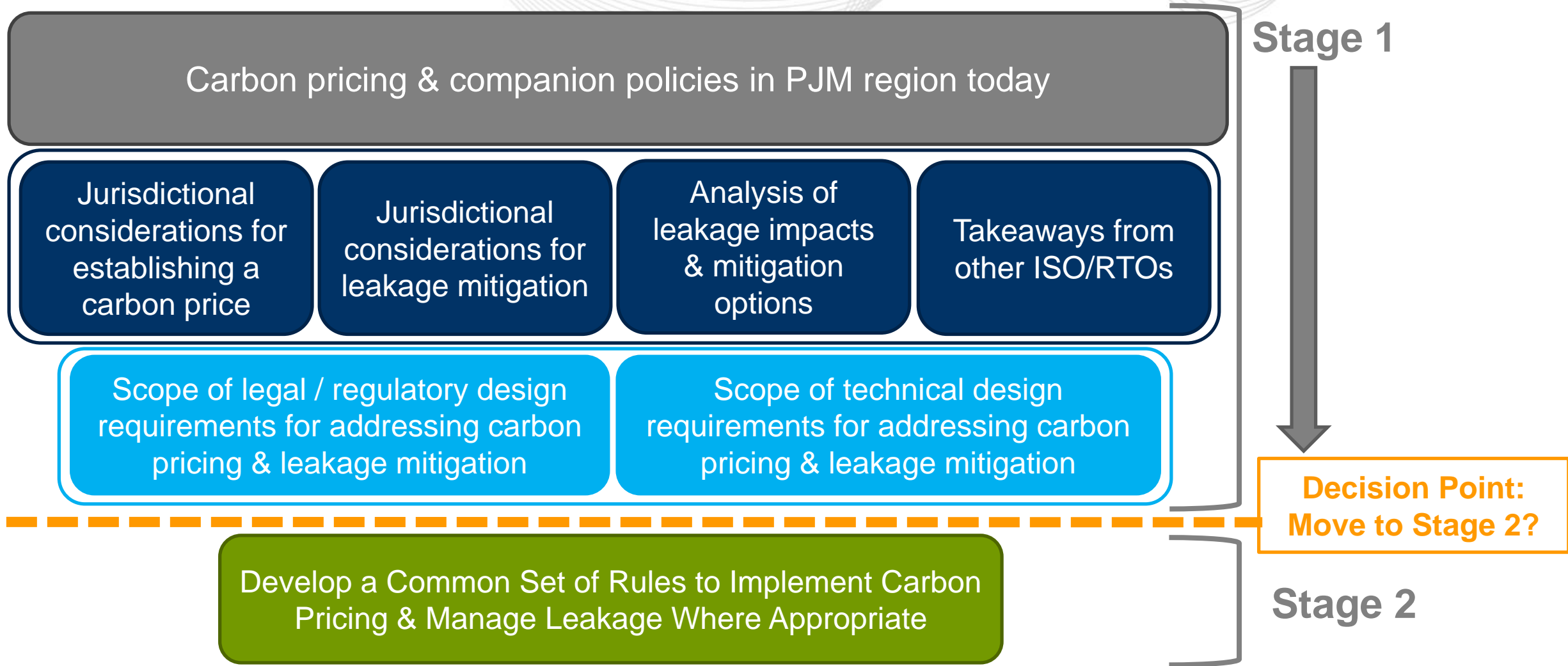


Work Plan Update, Education Takeaways, and Areas for Additional Exploration

Natalie Tacka
Applied Innovation
CPSTF
November 15, 2019

CPSTF Key Work Activities Summary

Issue Charge: <https://pjm.com/-/media/committees-groups/task-forces/cpstf/20190726/20190726-item-02b-issue-charge.ashx>



Education

- Carbon Pricing Concepts
 - Carbon tax vs. carbon cap & trade programs
 - Roles of companion policies
 - Introduction to leakage
- PJM State Energy Policy Scan
- Renewable Portfolio Standards & PJM EIS, GATS
- Regional Greenhouse Gas Initiative (RGGI)
- Emissions Allowances in Cost Offer Development
- Current Energy Market Impacts of Carbon Pricing
- State Panel

Takeaways for CPSTF

- Carbon pricing exists in PJM today through RGGI
- Leakage occurs in PJM because of disparate state policy, regulation, resources and economics
- PJM states have different views on pricing carbon, leakage, addressing impacts from neighboring state policies

- Lessons learned from IMAPP Process in New England
- State Panel
- Jurisdictional Considerations Related To Carbon Pricing in PJM (AWEA, SEIA)

Takeaways for CPSTF

- Will need to continue to work through legal and regulatory questions in discussing:
 - Decision on if a carbon price in PJM will continue to come solely from the RGGI program
 - Decision to mitigate leakage

- MJB&A and EDF analysis estimated impacts of carbon price and leakage mitigation via RGGI allowance allocation
- PJM study will aim to inform the CPSTF discussion by:
 - Estimating impact of carbon price on dispatch and LMP, and related leakage effects
 - Estimating impacts of potential border adjustment approaches dispatch and LMP

Takeaways for CPSTF

- States and stakeholders will need to continue to discuss how a decision to mitigate leakage would be made

- Open discussion on key takeaways from education so far and additional areas of exploration
 - Scope of legal / regulatory and technical design requirements for addressing carbon pricing & leakage mitigation
- Keeping in mind differences in:
 - Regulatory contexts & compliance obligations for carbon allowances / charges
 - Goals for treatment of imports / exports, and what entities are subject to carbon-related charges or credits

Appendix

Topic	Key Work Activities
Carbon pricing & companion policies in PJM region today	Stage 1: 1b, 1i, 1j, 1g, 2
Jurisdictional considerations for establishing a carbon price	Stage 1: 1a, 1b, 1c, 1f, 1i, 2
Jurisdictional considerations for leakage mitigation	Stage 1: 1a, 1b, 1c, 1f, 2
Analysis of leakage impacts & mitigation options	Stage 1: 1d, 1j, 1k, 3a, 3b, 3c, 3d
Takeaways from other ISO/RTOs	Stage 1: 1a, 1j, 1k, 1l
Scope of legal / regulatory requirements for addressing carbon pricing & leakage mitigation	Stage 1: 1a, 1b, 1c, 1d, 1f, 1i, 2
Scope of technical requirements for addressing carbon pricing & leakage mitigation	Stage 1: 1c, 1d, 1e, 1f, 1h, 1j, 1k, 3d
Develop a Common Set of Rules to Implement Carbon Pricing & Manage Leakage Where Appropriate	Stage 2: 1 - 7