



Organization of PJM States, Inc. (OPSI)

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March 23, 2023

Mr. Manu Asthana, PJM President and CEO
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, Pennsylvania 19403

Dear Mr. Asthana:

OPSI is pleased that PJM's members are continuing to contribute to the Clean Attribute Procurement Senior Task Force ("CAPSTF"), and that we are quickly moving towards exploring potential market design solutions. As you know, OPSI has a strong interest in enabling load serving entities ("LSEs") to procure specific resource attributes through regional and centralized procurement markets, either on their own initiative or at the direction of state regulators, and also allowing other willing buyers the opportunity to voluntarily participate in such markets.¹ Indeed, the CAPSTF's Issue Charge generally aligns with the charter of OPSI's Competitive Policy Achievement Working Group ("CPAWG"). In furtherance of that charter, OPSI has continued to explore potential market-based procurement options that enable LSEs with relevant compliance obligations and voluntary buyers to access competitive energy resources in line with their policy goals.²

¹ See PJM Interconnection "[Procurement of Clean Resource Attributes](#)," April 27, 2022.

² We continue to look forward to working with PJM to ensure that any market evolution meet the goals set forth in OPSI's prior letter, "[OPSI Letter Re: Issue Charge for Initial Direction for Evaluation of Procurement of Clean Resource Attributes](#)" sent March 18, 2022. We further appreciate PJM and stakeholders' responses to OPSI's [letter sent May 24, 2022](#) requesting input on the most beneficial features of potential voluntary attribute markets; as well as PJM's efforts to implement modeling analysis of potential design alternatives as requested in OPSI's "[Analysis Request to PJM](#)," posted September 19, 2022.

As a preliminary matter, the OPSI Board³ continues to stress its desire to work with PJM to ensure a reliable, least-cost electric grid that is capable of satisfying State public policy requirements. PJM's recent "Energy Transition in PJM: Resource Retirements, Replacements & Risks" underscores the importance of expediting these coordination efforts. The need for tight State/PJM coordination during the ongoing energy transition goes to the heart of OPSI's interest in the types of reforms under discussion in both the CPAWG and CAPSTF.

The OPSI Board is pleased to follow this update on the efforts of the CPAWG and reports that the OPSI supports the following statements:

- OPSI believes that PJM should support efforts to develop market solutions to better accommodate state public policy goals; and
- OPSI believes that a market structure that can facilitate state public policy goals may be preferable to the status quo in which LSEs primarily meet public policy goals through bilateral transactions without reference to the PJM markets.

OPSI therefore requests that PJM include two market designs for further exploration in the PJM Clean Attribute Senior Task Force:

- A Forward Energy Attribute Market (also referred to as a Forward Clean Energy Market) design; and
- An Integrated Attribute Capacity Market with an Attribute Capacity Constraint (also referred to an Integrated Clean Capacity Market with Clean Capacity Constraint).

OPSI stresses that a fundamental principle of any market-based solution must be that States, consistent with their respective public policy goals and statutory authority, retain the ability to determine whether and to what extent their LSEs participate in these voluntary attribute markets, such as by allowing or directing their LSEs to meet none, some, or all of their compliance obligations through such markets and/or purchasing none, some, or all of the product types that such markets offer.

OPSI further stresses that ratepayers in non-participating States should not bear the cost of any attribute products procured to meet another State's policy requirements nor should ratepayers in non-participating States pay for the costs of administering centralized attribute markets. OPSI's support for the reforms described in this letter is contingent on these principles.

OPSI remains interested in additional products and market design elements that will facilitate voluntary consumers' and communities' efforts to meet their energy goals in a competitive regional market. If PJM or stakeholders identify features and products that are valuable to non-state voluntary buyers, OPSI may support their inclusion either in initial implementation or at a future date.

³ Approved at the March 22, 2023 OPSI Board meeting with the following states in support: Delaware PSC, PSC of District of Columbia, Illinois CC, Indiana URC, Kentucky PSC, Maryland PSC, Michigan PSC, New Jersey BPU, North Carolina UC, Pennsylvania PUC, Tennessee PUC, Virginia SCC and PSC of West Virginia. Abstain PUC of Ohio, Virginia SCC.

We request that PJM expeditiously develop complete FEAM/FCEM and IACM/ICCM-with-policy-attribute-constraint design packages. OPSI continues to appreciate the efforts of PJM Staff and stakeholders in working together through these challenging issues and continues to request that PJM staff work closely with the CPAWG during the CAPSTF process. We look forward to continuing this engagement and developing robust and implementable design options.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Mitchell".

Charlotte A. Mitchell
President Organization of PJM States, Inc.

cc: Asim Haque, Vice President – State and Member Services
David Anders, Director of Stakeholder Affairs
Walter Graf, Senior Director of Economics
Scott Baker, Facilitator of the Clean Attribute Procurement Senior Task Force