

# Forward Energy Attribute Market Working Group

## ADMINISTRATION STRUCTURES AND GOVERNANCE MODEL OPTIONS

January 2024

### Market Administration:

1. **PJM-EIS:** PJM-EIS will agree to mint and track existing and new state-defined attribute products. PJM-EIS will be tasked with supporting new products and additional resource qualification, data exchange, attribute reporting, and attribute transfers/retirements.
  - a. *Assistance from PJM EIS is likely required in junction with other administration structures.*
  
2. **PJM Affiliate Organization:** New PJM Subsidiary is tasked with running the FEAM. The affiliate is responsible for assuring market participants are qualified, and clearing the market. PJM-EIS will agree to mint and track existing and new state-defined attribute products. PJM-EIS will be tasked with supporting new products and additional resource qualification, data exchange, attribute reporting, and attribute transfers/retirements.
  - a. Market Rules/Governing Documents: the states participating in the market will develop governing documents and have control over evolution of market rules. Voluntary participants have some voting share in revisions to market rules, but do not have rights over changes to state-defined products.
    - i. Depending on market jurisdiction, these documents are either filed with FERC under a new State-involved governance structure, or, are owned and maintained by the States.
  
3. **New, Independent Market Administrator:** the states participating in the market solicit a third-party market administrator to house the market, including qualifying market participants, clearing the market, monitoring and analyzing market results, and communicating with PJM-EIS.
  - a. Market Rules/Governing Documents: the states participating in the market will develop governing documents and have control over evolution of market rules. Voluntary participants have some voting share in revisions to market rules, but do not have rights over changes to state-defined products.
  
4. **RGGI-like Entity:** a central entity, however, each state establishes products and procurement levels based on its own statutory or regulatory authority. This entity will

have no regulatory or enforcement authority, as each state maintains sovereign authority within the state. This RGGI-like entity would not require an interstate compact: the FEAM market is voluntary and would require an agreement between a group of states and a market maker and would not relinquish any state legislative authority to one another nor a federal entity.

- a. Market Rules/Governing Documents: State owned and developed governing documents, maintained by a Board of Directors composed of agency heads of energy and environmental regulatory agencies of each participating state.

5. **PJM Interconnection LLC**: PJM will administer the FEAM under a FERC-jurisdictional set of market rules. (*This is the least preferred option among the interested states*). PJM-EIS will agree to mint and track existing and new state-defined attribute products. PJM-EIS will be tasked with supporting new products and additional resource qualification, data exchange, attribute reporting, and attribute transfers/retirements.

- a. Market Rules/Governing Documents: maintain existing 205 and 206 Filing Rights, but add a role for OPSI Board in approving market rule changes (veto rights), and provide sellers qualified to offer attributes into the market a direct voting share in the stakeholder process.
- b. Funding: The market will be self-funded, FERC approved rates include a pro-rata charge on each attribute procured in the market. No costs of operating the market will be

#### Funding:

1. **The administration of the Policy Attribute Market will be self-funded** as a pro-rata charge on each attribute procured through the market. No costs of operating the market will be allocated to non-participants.
2. **Buyers will pay for the attributes procured on their behalf.** No procurement costs will be allocated to non-participants.
3. **Buyers will pay for multi-year commitments** procured on their behalf, as follows:
  - a. Voluntary buyers can specify their requirement to procure new resources and willingness to secure multi-year commitments. Credit requirements will be imposed on buyers wishing to submit a demand bid for multi-year commitments.

- b. State-authorized demand bids (e.g. submitted by a state agency, utility, or other party submitting a bid that is mandatory for certain customers within a state) are not subject to credit requirements, but do require settlement authorities to ensure the costs of multi-year commitments will be allocated to the relevant consumers' LSEs for the duration of any multi-year commitments procured on their behalf (pro rata share of the relevant product in the year when any multi-year commitments were originally procured).
- c. The maximum volume of multi-year commitments that clear in any one year cannot exceed the volume supported by the above.