



FEAM

Administration Structures

Forward Energy Attribute Market Working Group

Public Session 3/21/24

Disclaimer

Nothing in this presentation represents a position of any individual state participating in the Working Group or PJM. All materials contained herein are DRAFT versions of working assumptions, subject to change or revision based on future efforts of the working group.

Who Runs the Market?

- ▶ The FEAM Board has the authority to select the FEAM Market Administrator (“PJM-FEAM”).
 - ▶ Working Assumption: a new, non-profit PJM Affiliate will administer the FEAM and support initial development and implementation.
 - ▶ PJM FEAM will administer the market under CFTC-jurisdictional market rules.
- ▶ PJM-EIS will continue to mint and track REC production and transfer of both new and existing state-defined attribute features.
 - ▶ EIS will be asked to support any additional resource qualification, data exchange, attribute reporting, attribute transfers, and attribute retirement functions.

Board of Directors

- ▶ Comprised of representatives appointed by the participating states' regulatory agencies across the PJM footprint.
 - ▶ Each jurisdiction can be represented by only one Board Member.
 - ▶ FEAM Board: minimum of 5 and maximum of 14 members.
- ▶ Eligibility of Board Members:
 - ▶ A FEAM participating state (one that agrees to share administrative costs of the market) holds one Board Seat and appoints the representative.
 - ▶ If the FEAM Board has fewer than 5 seats filled from participating states, the additional Board Members will be selected by vote of the OPSI Board.
 - ▶ OPSI-appointed Board Members will serve on the Board for a one-year-term and can be re-selected annually.

Board of Directors, cont.

- ▶ Authority of the FEAM Board:
 - ▶ Hire, fire, and/or review performance of the PJM administrator and primary executive;
 - ▶ Approve budget and cost recover mechanism;
 - ▶ Select the FEAM's Independent Market Monitor and review performance; and
 - ▶ Review and approve FEAM rule changes.

Documentation of Market Rules

- ▶ Market Rules: regardless of the jurisdictional structure, documentation of past and present Market Rules and Operations Manuals will be publicly accessible.
 - ▶ CFTC: Market Rules will be developed in accordance with CFTC requirements for a Designated Contracts Market and will be filed and approved by the CFTC.
 - ▶ CFTC Waiver: Market Rules will be developed in accordance with the CFTC requirements for a Futures Market that is eligible for a waiver of CFTC jurisdiction.
- ▶ Operations Manuals: manuals may be created to provide transparent documentation of operational practices and rule implementation guidelines.

Evolving Market Rules Overtime

- ▶ Filing Rights: the FEAM Board holds all rights to amend market rules.
- ▶ Rule Change Processes & Annual Performance Review:
 - ▶ Annual, post-auction report and recommendations from the IMM, to be presented to the FEAM Board and stakeholders.
 - ▶ Annual stakeholder process to discuss the report and propose a range of potential rule changes.
 - ▶ Structured voting process to inform FEAM administrative staff to present the rule proposals to the FEAM Board.
 - ▶ FEAM administrative staff may present proposed rule changes to the FEAM Board on an annual basis at the conclusion of the stakeholder process.
 - ▶ Stakeholders may present directly to the FEAM Board any alternative proposed rule change.

Member Sectors & Voting Shares

- ▶ 12% state-authorized buyers (e.g., agencies or LSEs submitting buy bids under state mandate)
- ▶ 12% competitive retailer buyers (e.g., LSEs submitting voluntary buy bids)
- ▶ 12% public power, municipalities and local governments
- ▶ 12% direct consumer buyers
- ▶ 12% consumer advocates
- ▶ 35% sellers qualified to offer attributes into the market
- ▶ 5% environmental organizations

- ▶ Sector Weighted Voting Procedures: will account for voting shares within each stakeholder sector.

Market Monitoring & Market Power Mitigation

- ▶ **Market Monitoring:** CFTC standards for market monitoring will be implemented. Efforts include:
 - ▶ Real-time market oversight.
 - ▶ Compliance and enforcement units to directly perform market monitoring, auditing, enforcement functions, or supervise such actions of a third-party service provider.
 - ▶ Independent review and response to specific questions posed by the FEAM Board or administrative staff.
- ▶ **Independent Review Panel:**
 - ▶ Annual review of the market performance and provide recommendations to the FEAM Board and stakeholders for improvement.
 - ▶ Independent review and response to specific questions posed by the FEAM Board or administrative staff.

Dispute Resolution

- ▶ Pursuant to CFTC requirements, the dispute resolution process will provide the disputing party or parties an opportunity to have the claim decided by an objective and impartial decision-maker, at their own expense.
- ▶ Welcoming thoughts/suggestions on dispute resolution structure.

Funding the Market

- ▶ The FEAM will be self-funded as a pro-rata share on each attribute procured through the market.
- ▶ Start-Up and Implementation Costs: the FEAM may be funded under either the pro-rata charge or approved under an alternative funding mechanism agreed upon and approved by the FEAM Participating States.
- ▶ Buyers will pay for attributes procured on their behalf.
- ▶ Buyers will pay for multi-year commitments:
 - ▶ Voluntary Buyers- specify in demand bid their willingness to procure new resources and secure multi-year commitments.
 - ▶ State-authorized buyers- demand bids require settlement authorities to ensure that the multi-year commitments will be allocated to the relevant customers' LSE for the duration of the commitment.
 - ▶ The maximum volume of multi-year commitments that clear in any one year cannot exceed the volume of demand supported by the above.