



Carbon Pricing Senior Task Force Monthly Progress Report

MC Webinar
January 21, 2020

Issue Summary

The [Carbon Pricing](#) Senior Task Force (CPSTF) was established to discuss potential process or rule changes necessary to integrate a regional or sub-regional carbon pricing mechanisms into its wholesale electricity markets. Stage 1 of the key work activities includes education on various topics such as jurisdictional issues, leakage, and other RTO/ISO strategies related to carbon pricing. Stage 1 also includes a review of the assumptions and results of the PJM study on the impacts of a carbon price in the PJM wholesale energy market. Stage 1 is expected to take between six to twelve months. Stage 2 will focus on developing market rules to implement carbon pricing and manage leakage, where appropriate. The Carbon Pricing Senior Task Force reports to the Markets and Reliability Committee.

Issue Status

The CPSTF is currently in the education and analysis phase of Stage 1.

Target Completion

Stage 1, Education and Analysis, is expected to take between six to twelve months. Stage 2, Proposal Development, is expected to take an additional six months.

Progress Update

The Opportunity Statement and Issue Charge were approved at the April 25, 2019 Markets and Reliability Committee meeting.

The CPSTF has held five meetings to date.

Stage 1: Education & Analysis

January 14, 2020 meeting update

The fifth meeting of the CPSTF was held on January 14, 2020. The focus of this meeting was the PJM study on carbon pricing and potential leakage mitigation mechanisms. Topics covered included the assumptions, methodology, framework, and results of the PJM carbon study.

November 15, 2019 meeting update

The fourth meeting of the CPSTF was held on November 15, 2019. Education was provided on the legal principles and jurisdictional considerations relevant to aspects of a carbon pricing construct. Education was also provided on New York ISO's carbon pricing initiative and the California ISO's GHG market design. PJM moderated a panel discussion on state perspectives regarding carbon mitigation programs and policies. The panel included representatives from the Virginia Department of Environmental Quality, New Jersey Board of



Public Utilities, Pennsylvania Public Utility Commission, and American Electric Power, representing vertically integrated states.

October 24, 2019 meeting update

The third meeting of the CPSTF was held on October 24, 2019. PJM provided education on the current cost development guidelines for cost-based offers with a focus on emission allowances as well as carbon pricing impacts on the LMP. Education was also provided on NEPOOL's Integrating Markets and Public Policy (IMAPP) stakeholder process. Monitoring Analytics provided education on state RPS requirements and carbon adder impacts on LMP. Additionally, EDF and M.J. Bradley & Associates provided information and results regarding EDF's carbon pricing modeling efforts.

August 26, 2019 meeting update

The second meeting of the CPSTF was held on August 26, 2019. PJM provided education on economic dispatch basics and an overview of three border adjustment options. Maryland Department of the Environment provided education on the Regional Greenhouse Gas Initiative (RGGI). Monitoring Analytics provided education on the current market impacts of carbon pricing.

July 26, 2019 meeting update

The first meeting of the CPSTF was held on July 26, 2019. An overview of the issue charge was provided. The following education was provided at this meeting: an overview of carbon pricing concepts, state policies and regulations, and renewable portfolio standards. Additionally, PJM provided information on the PJM carbon study objectives and assumptions.

Action Requested

The next CPSTF meeting is scheduled for February 26, 2020.