



Cost Development Subcommittee (CDS) Environmental Costs and Credits Final Report

May 20, 2022

Issue Creation

Issue Charge (<https://pjm.com/-/media/committees-groups/subcommittees/cds/2022/20220307/20220307-item-06-cds-variable-environmental-costs-and-credits-issue-charge.ashx>) brought forward by Melissa Pilon and approved by consensus at the April 4, 2022 Cost Development Subcommittee (CDS) meeting.

Cost Development Subcommittee Charter:

<https://pjm.com/-/media/committees-groups/subcommittees/cds/postings/cds-charter.ashx>

Issue Summary

The intent of this work is to elaborate on and provide additional clarification to Market Sellers on rules related to variable environmental charges and/or credits and their inclusion in a cost-based energy offers in accordance with the standards in Manual 15 Cost Development Guidelines and Schedule 2 of the Operating Agreement.

Provide detailed guidance and updates, as necessary, in Manual 15 and Schedule 2 of the Operating Agreement for:

- 1) The annual emissions review process
 - a. Emission costs included in cost-based offers,
 - b. Review period, and PJM review process,
 - c. Coordination with Fuel Cost Policies,
 - d. Submittal of emissions data to PJM and the IMM
- 2) Requirements for the inclusion of environmental credits in non-zero cost-based offers

Consensus-Based Issue Resolution Process

Number of Meetings and date range covering this topic: 3

Non-Binding Poll Results n/a

Vote Results n/a

Final Matrix <https://pjm.com/-/media/committees-groups/committees/mic/2022/20220511/item-06b---variable-environmental-costs-and-credits---matrix.ashx>

1. Recommended Proposal

- Adjust review of emissions rates from annual to periodic
- Clearly document standards of review for emissions allowance adders



- Remove reference to ‘Emissions Policy’ in M15
- Any resource that receives PTCs and/or RECs and submits non-zero cost-based offers, must account for such credits in the resource’s Fuel Cost Policy

<https://pjm.com/-/media/committees-groups/committees/mic/2022/20220511/item-06a---variable-environmental-costs-and-credits---presentation.ashx>

2. Standing Committee Results

Manual 15 and Operating Agreement revisions have moved forward to MIC for a second first read in June and will be seeking endorsement in July.

Appendix I: Supplemental Documents

Committee Page <https://pjm.com/committees-and-groups/subcommittees/cds>

Appendix II: PJM Participation

Facilitator Nicole Scott
 Secretary Heather Reiter
 Subject Matter Expert Glen Boyle
 Subject Matter Expert Melissa Pilog
 PJM Legal Chenchao Lu

Appendix III: Stakeholder Participation

Last Name	First Name	Company Name
Scott	Nicole (Chair)	PJM Interconnection, LLC
Reiter	Heather (Secretary)	PJM Interconnection, LLC
Anders	David	PJM Interconnection, LLC
Benchek	Jim	FirstEnergy Corporation
Boyle	Glen	PJM Interconnection, LLC
Callen	Zachary	Illinois Commerce Commission
Cao	Roger	PJM Interconnection, LLC
Cario	Andrea	FirstEnergy Solutions Corp.
Corash	Rich	PSEG Energy Resources & Trade LLC
Curtis	Kenneth	Drilling Info, Inc.
D’Antonio	Philip	PJM Interconnection, LLC
Davis	Mike	Northern Virginia Electric Cooperative
Dillon	Matthew	UGI Development Company



Di Iorio	Michelle	PSEG Energy Resources and Trade LLC
Dugan	Chuck	East Kentucky Power Cooperative, Inc.
Fabiano	Janell	PJM Interconnection, LLC
Fan	Zhenyu	PJM Interconnection, LLC
Filomena	Guy	Customized Energy Solutions, Ltd.
Foladare	Kenneth	Geenex Solar LLC
Ford	Adrien	Old Dominion Electric Cooperative
Freeman	Jennifer	PJM Interconnection, LLC
Gilani	Rehan	ConEdison Energy, Inc.
Hastings	David	DHAST Co.
Hatfield	Jeremy	Old Dominion Electric
Hays	Christina	Dominion Virginia Power
Hoatson	Tom	Riverside Generating, LLC
Hohenshilt	Jennifer	Talen Energy Marketing, LLC
Horger	Tim	PJM Interconnection, LLC
Horning	Lynn Marie	Customized Energy Solutions, Ltd.
Hyzinski	Tom	GT Power Group
Jardot	Gina	Essential Power Rock Springs, LLC
Johnson	Carl	Customized Energy Solutions, Ltd.
Johnston	Todd	AEP Energy Partners, Inc.
Kersanty	Jeff	Appalachian Power Company (AEP Generation)
Kimmel	David	PJM Interconnection, LLC
Kogut	George	New York Power Authority
Lu	Chen	PJM Interconnection, LLC
Luna	Joel	Monitoring Analytics
Mabry	David	McNees Wallace & Nurick LLC
Mihaly	Imola	Nautilus Power, LLC
Mooney	Jeff	FirstEnergy Corporation
Mramor	Dave	FirstEnergy Solutions Corp.
Neaton	Matthew	AEP Energy Partners, Inc.
Ondayko	Brock	AEP Appalachian Transmission Company, Inc.
Passalacqua	Cara	Public Service Electric & Gas Company
Phenix	Michael	TAQA Gen X LLC
Pilong	Melissa	PJM Interconnection, LLC
Robinson	Becky	Vistra Energy Marketing, L.P.
Rodriguez	Tomas	OPSI
Sarkel	Edward	Appalachian Power Company (AEP)
Sasser	Jonathan	Customized Energy Solutions, Ltd.
Schmatz	Peter	PSEG Energy Resources & Trade LLC
Shannon	Gary	AEP Energy Partners, Inc
Smith	Kara	Buckeye Power, Inc.
Squibb	Bill	Ohio Valley Electric Corp
Sweeney	Rory	GT Power Group, LLC



Ward	Michael	PJM Interconnection, LLC
Whitehead	Jeffrey	GT Power Group
Yovanovich	Laura	PPL Electric Utilities Corp
Zylstra	Dan	Appalachian Power Company (AEP Generation)