

Forward Energy Attribute Market Working Group (“FEAM WG”)

Throughout PJM, customer demand for renewable generation is continuously growing, demonstrated by state RPS policies, state resource-specific policy preferences, and corporate sustainability goals. On September 8, 2021, the OPSI Board requested that PJM prioritize “consideration of the interaction of the capacity market with State clean energy procurement practices, including allowing States, on a voluntary basis, to meet their policy objectives through the PJM markets.”¹ For the past two years, OPSI’s Competitive Policy Achievement Working Group (“CPAWG”) has investigated various market design options and approaches among the states and with market experts to investigate how to best satisfy the diversity of state policy needs and individual state desires to procure clean generation resources within PJM.

The CPAWG concluded its efforts in March 2023, resulting in the OPSI Board recommending that PJM explore both an Integrated Attribute Capacity Market (“IACM”) and a Forward Energy Attribute Market (“FCEM”) and include these designs in its discussions with PJM Stakeholders. Through the Clean Attribute Procurement Senior Task Force (“CAPSTF”) PJM has facilitated modeling assessments and conceptual discussions with its stakeholders on the IACM, FCEM, and other potential market designs to facilitate competitive procurement of clean generation attributes. The CAPSTF’s most recent polling² indicates that PJM stakeholders do not view these efforts as a priority at this time and that such conceptual designs may never materialize into a market structure through the CAPSTF.

On July 25, 2023 the OPSI Board, via letter, communicated to PJM its desire to allow interested OPSI states to continue engaging with PJM on this effort and requested that PJM provide assistance in developing and establishing a Forward Energy Attribute Market by way of an FEAM Working Group. On August 9, 2023, PJM expressed its willingness to continue engagement on this matter.³

Establishing a voluntary and competitive Forward Clean Energy Market to enable states to more efficiently decarbonize PJM’s grid and meet public policy objectives is a high priority to certain PJM states. Therefore, this group of interested OPSI States will convene a working group, jointly with PJM, to continue to advance the discussions that started in the CPAWG and CAPSTF and to move towards development and implementation of a FCEM. We recognize that these efforts are more likely to achieve a consensus-based solution and attract voluntary participation if there is broad participation. We therefore propose that the Staff working group continue to engage with interested PJM stakeholders, including but not limited to clean energy and consumer advocates, public power interests, generation owners, industrial energy users and clean energy buyers, with support from PJM and the Brattle Group. The Working Group shall seek to provide a fully developed Forward Clean Energy Market design and implementation strategy for consideration by the end of 2023.

¹ Letter from the OPSI Board to the PJM Board dated September 8, 2021, at 1.

² Letter from the OPSI Board to the PJM Board dated July 25, 2023.

³ PJM Letter to the OPSI Board dated August 9, 2023.

Objectives of the Working Group:

- Develop a proposal for a voluntary, competitive market-based procurement option (the FCEM) that enables states and willing buyers to access competitive energy resources in line with their policy goals and state preferences.
- Work with PJM to determine how such market procurement may be conducted and implemented, whether through PJM, a PJM affiliate, or an independent third party market-administrator.
- Continue constructive engagement between PJM and interested stakeholders.
- Continue to work alongside The Brattle Group as an expert in this field.

Characteristics of the Working Group:

- A strong desire for states to be able to more efficiently attain clean energy goals and for voluntary clean energy buyers to cost-effectively decarbonize PJM's grid by way of a robust, competitive attribute market that allows PJM to maintain reliability and minimize costs.
- Interest in engaging with PJM as an energy market expert and interested stakeholders as potential market participants.
- Commitment towards developing a full market design solution for potential implementation.

Proposed Process:

- Bi-Weekly meetings of the working group will be conducted by Staff of the interested OPSI States and PJM
 - The Working Group will meet once per every month in a session open to the public for discussion. The Working Group shall provide updates on its efforts and request feedback from stakeholders.
 - The Working Group may elect to open additional meetings to the public, as necessary, if elected by a majority of the Working Group.
- The Working Group shall have a Chairman and Vice Chairman for administrative purposes only; the Chairman and Vice Chairman will not have any additional votes should a voting procedure be necessary.
- The Working Group shall strive for consensus-based solutions, as this will be a voluntary committee. If voting procedures are necessary for decision making the Working Group shall move forward based on how the majority votes in the Working Group.
 - Each Interested State participating in the Working Group shall cast one (1) vote and shall designate one member representative to cast votes.
- This working group will hold conversations to vote on a fully-developed market design by no later than December 31, 2023.
- The OPSI Board will receive regular updates from the OPSI Staff on this Working Group's progress at OPSI Board Meetings and/or additional special meetings when appropriate.

Members: participation is voluntary, open to all interested PJM States.