

Clean Procurement

RASTF

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IMM



Monitoring Analytics

Clean Procurement Principles

- **Goal is clean energy**
 - Energy production is the source of emissions
- **Goal is not clean capacity**
 - Capacity is not a source of emissions
- **Buying clean capacity is not an effective way to reduce emissions**
 - Marginal ELCC values will decline
 - Some non-emitting resources are not capacity resources

Clean Procurement Approaches

- Existing RECs markets/requirements are not consistent across PJM
- Existing RECs prices affected by penalty rates under RPS rules
 - Existing RECs prices incorporate very different implied costs of carbon
- Existing RPS rules limit imports in some cases
- RECs definitions permit banking
 - No defined link to real time

Market Approach to Clean Procurement

- **Central RECs market**
- **Operated by PJM**
- **Single definition of product**
- **Single market clearing price**
- **Forward market**
- **Trued up to real time delivery**
- **Single product for all of PJM**
- **Consistent with state RPS definitions**
 - **But not all RPS resources would qualify**

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