



# Monitoring Analytics

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## VIA EMAIL

July 21, 2022

Mark Hammond  
Director  
Department of Environmental Protection  
Bureau of Air Quality  
Rachel Carson State Office Building  
400 Market Street  
Harrisburg, Pennsylvania 17101

Re: RGGI Compliance

Dear Mr. Hammond:

Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (Market Monitor) for PJM Interconnection, L.L.C. (PJM) submits this letter concerning the status of Pennsylvania's participation in the Regional Greenhouse Gas Initiative (RGGI).

Pennsylvania's participation in RGGI affects the wholesale energy markets operated by PJM. Generation owners are required to submit cost-based offers for energy every day. The cost of RGGI emission allowances is includable in cost-based offers.

Legal actions have affected the integration of Pennsylvania into Regional Greenhouse Gas Initiative (RGGI) and therefore affected the ability of generators to include RGGI costs in their cost-based offers in the PJM energy market.

On July 1, 2022, Pennsylvania joined RGGI. As a result, generators could include RGGI costs in their cost-based offers per their approved Fuel Cost Policies.

On July 8, 2022, the Commonwealth Court of Pennsylvania issued a preliminary injunction enjoining Pennsylvania from implementing and enforcing Pennsylvania's CO<sub>2</sub> Budget Trading Program, the basis for Pennsylvania's membership in RGGI. As a result, generators could not include RGGI costs in their cost-based offers effective beginning on Saturday, July 9 for Sunday July 10, unless and until Pennsylvania is allowed by the courts to implement and enforce Pennsylvania's CO<sub>2</sub> Budget Trading Program.

On July 11, 2022, Governor Wolf's administration appealed the injunction to the PA State Supreme Court, effectively lifting the injunction. As a result, generators can include RGGI costs in their cost-based offers per their approved Fuel Cost Policies beginning on July 13 for July 14 unless and until the injunction is reinstated, if it is.

Market Hammond

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It would be helpful for PJM market participants, the Market Monitor, and PJM to understand how the Pennsylvania DEP plans to enforce compliance with RGGI rules.

The Market Monitor requests that the Pennsylvania DEP clarify the DEP's approach to enforcing compliance with RGGI requirements given the ongoing changes to the status of Pennsylvania's participation in RGGI and the impacts of those changes on cost-based offers by PJM resources located in Pennsylvania, and therefore the impacts on PJM energy market prices.

We appreciate your assistance in this matter. Please direct any questions or concerns about this letter to me at (610) 271-8051.

Sincerely,

A handwritten signature in cursive script that reads "Joseph Bowring".

The PJM Independent Market Monitor