Pennsylvania Senate
Environmental Resources and Energy Committee

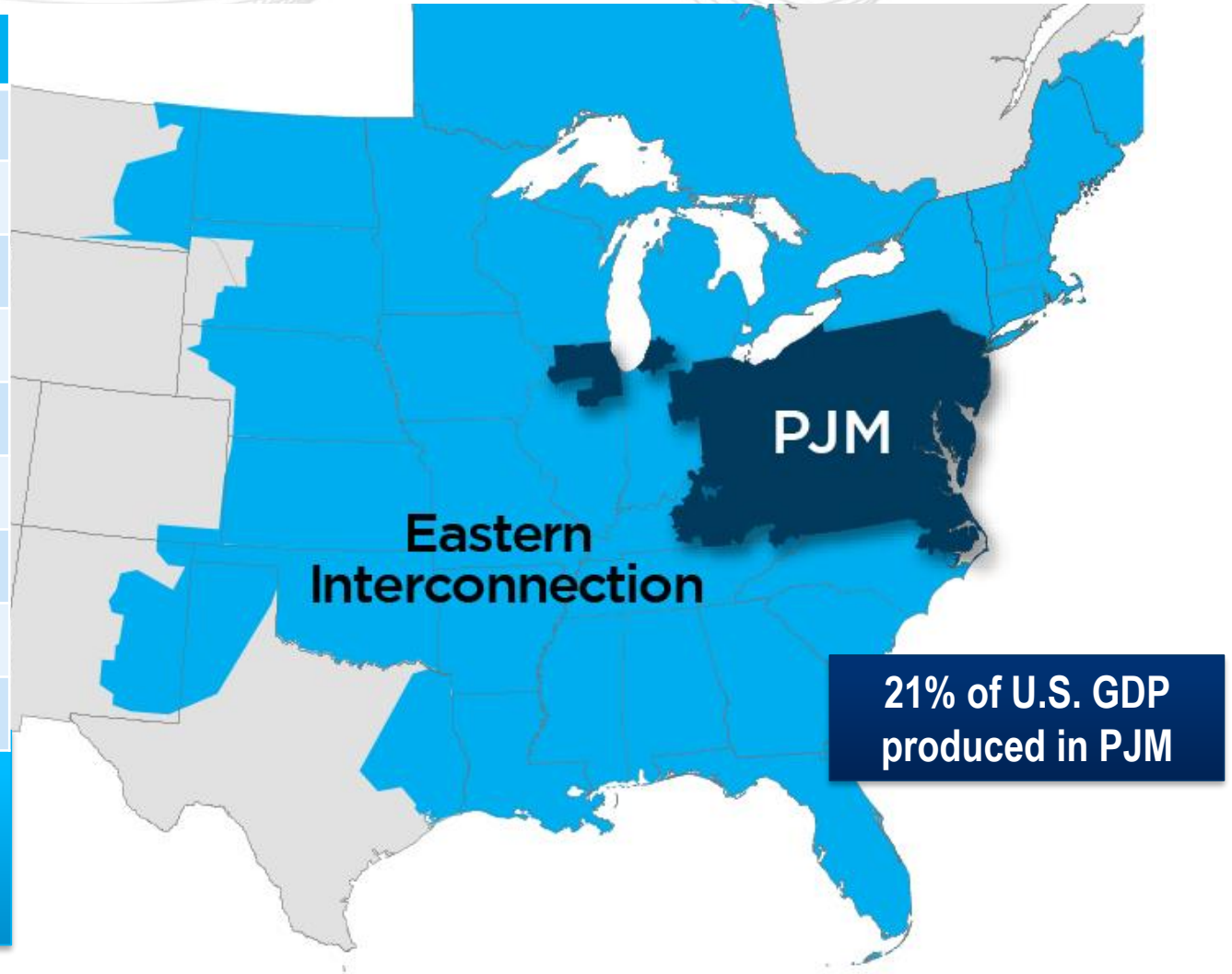
Statement of Stephen Bennett - Attachment

June 23, 2020

PJM as Part of the Eastern Interconnection

Key Statistics	
Member companies	1,040+
Millions of people served	65
Peak load in megawatts	165,563
MW of generating capacity	186,788
Miles of transmission lines	84,236
2019 GWh of annual energy	787,307
Generation sources	1,446
Square miles of territory	369,089
States served	13 + DC

- 27% of generation in Eastern Interconnection
- 26% of load in Eastern Interconnection
- 20% of transmission assets in Eastern Interconnection



As of 2/2020

PJM Efforts on Carbon Pricing

PJM is studying the potential impacts of a carbon price and potential leakage mitigation mechanisms in order to inform stakeholders and policy-makers.

- PJM is **not** proposing to establish a carbon price.
- PJM is conducting this study to inform carbon pricing discussions in the Carbon Pricing Senior Task Force (CPSTF) stakeholder process.
- Feedback on **initial & extended modeling** will be used to guide additional modeling efforts.
- Policy-makers in the PJM region are ultimately responsible for environmental policy, and any associated revenue generated through its application.

PJM Study Focuses On Border Adjustment

There are multiple approaches to leakage mitigation:

- *In study:* Border adjustment constraints within wholesale electricity market
  - One-way (transfers into carbon region)
  - Two-way (transfers into and out of carbon region)

- *Not in study:* State-specific approaches
  - Programs that reduce electricity demand
  - Load-based greenhouse gas compliance obligations
  - Allowance allocation
  - Support for increasing low / zero-emitting in-state generation

Three variations of Border Adjustment approaches are modeled

No Border Adjustment

- Determine baseline for economic and environmental leakage between regions

One-Way Border Adjustment

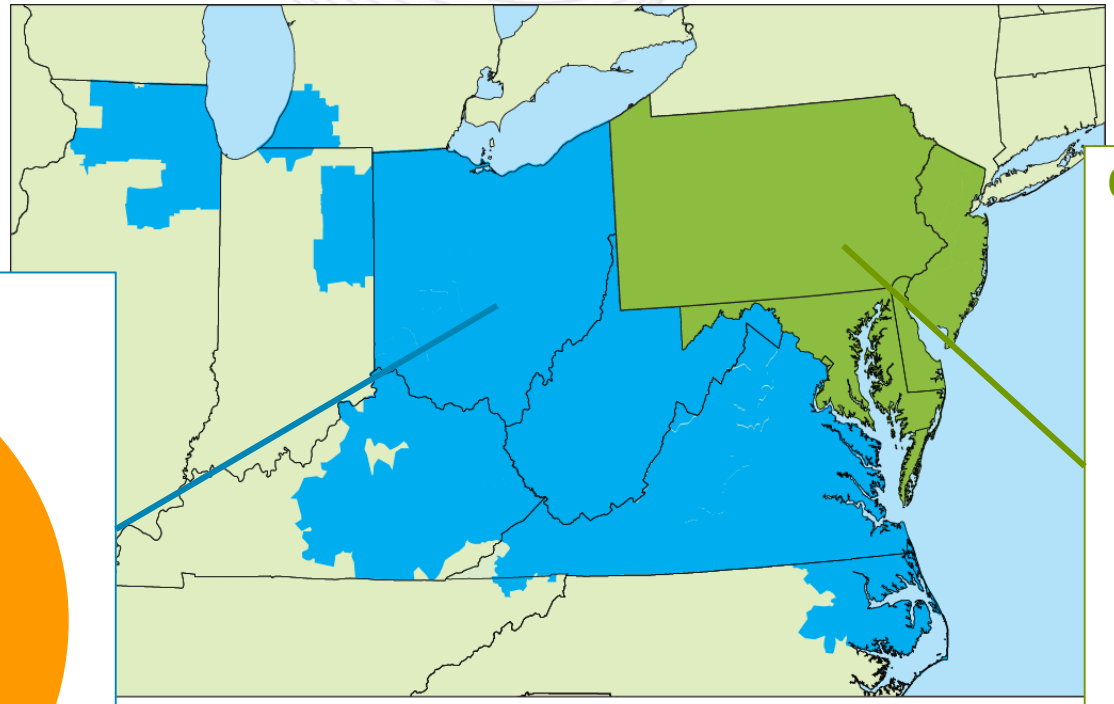
- Accounts for impacts of carbon price on transfers into the carbon-pricing region

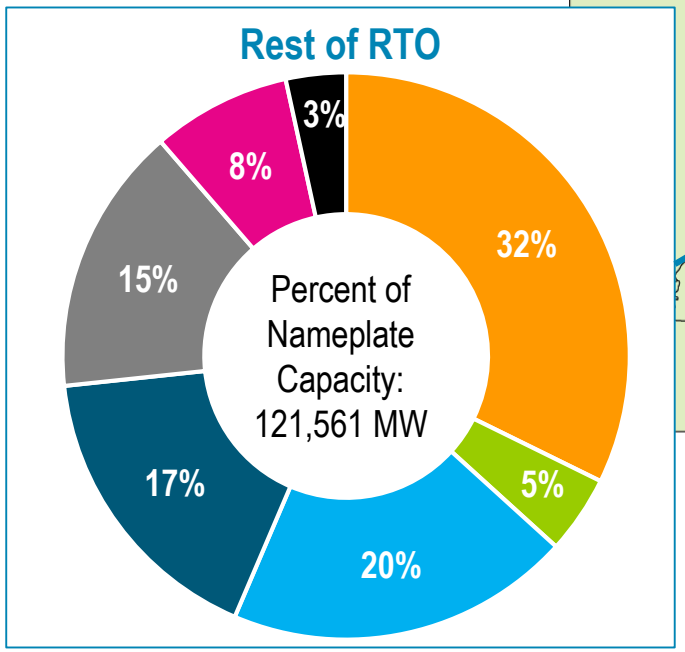
Two-Way Border Adjustment

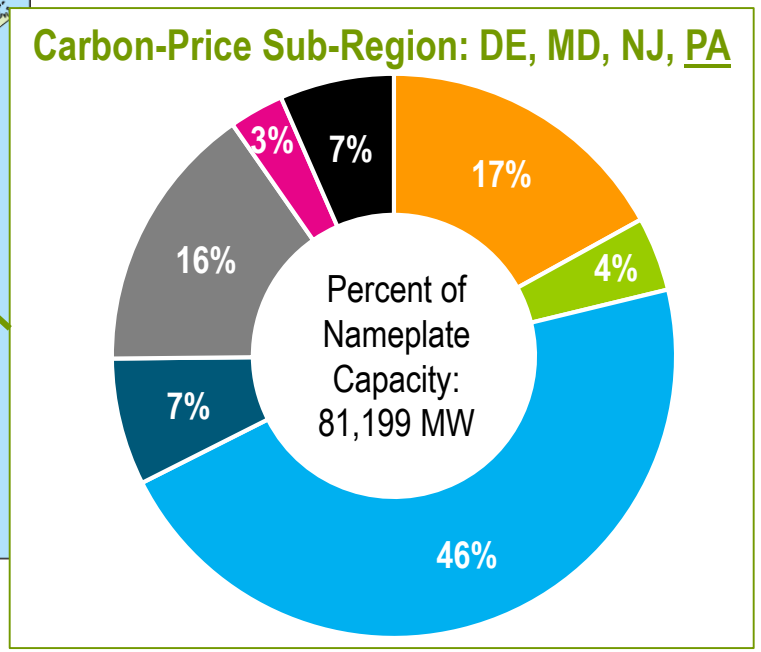
- Accounts for impacts of carbon price on transfers into carbon-pricing region and transfers from the carbon-pricing region

Modeling Results Highly Dependent on Carbon Region

Results depend on the generation mix, and emissions intensities, of each sub-region.







Coal
Natural Gas CC / Steam
Natural Gas CT
Nuclear
Hydro
Wind & Solar
Other