

Summary of Stakeholder Feedback on Policy-Driven Deactivation Methodologies

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- At the Oct. 1, 2024 Special TEAC, PJM sought written feedback from stakeholders in developing a methodology to identify and capture policy-driven retirements (comments were requested by Oct. 18, 2024).
- PJM requested that stakeholders share feedback on the following topics:
 1. Impacted resources complying with policies
 2. Corporate retirement commitments – publicly announced deactivations made by generation owners but are still “unofficial” (meaning they have not submitted a deactivation notice to PJM)
 3. Additional policies not currently considered
 4. Other assumptions about policy-driven retirements
- Five entities submitted written comments to PJM. These comments were posted with the Oct. 28, 2024 Special TEAC materials.

1. Americans for a Clean Energy Grid
2. Illinois Commerce Commission
3. Institute for Policy Integrity at New York University School of Law
4. Pennsylvania Public Utility Commission
5. Sustainable FERC Project
 - Natural Resources Defense Council, Earthjustice, and RMI

Feedback on Question #1

Impacted resources complying with policies

Questions:

- a) Should there be a process for generation owners and/or states to demonstrate that a resource impacted by a policy intends to comply and therefore remain in operation beyond the compliance date?
- b) If so, what should the criteria be for generation owners and/or states to sufficiently demonstrate that a resource intends to comply with a policy and not otherwise be considered for planned retirement?

Feedback:

- There should be a process for impacted generators to signal they will remain in operation.
- Gen. owners/states must provide concrete evidence that a resource will remain in operation; there must be consequences for false documentation or attestation.
- Require gen. owners to submit documented communications with regulators.
- Treat state policies as final.
- Have more stringent retirement thresholds for resources with other contributing factors (i.e., plant-life).
- Screen generators for age, require gen. owners to self-report policy compliance plans, and other recommended resource evaluation processes.
- Allow third parties to provide input.
- Do not rely solely on gen. owners self-reporting future retirement plans.

Questions:

- a) How should a process work for obtaining awareness of private retirement commitments made by generation owners without an official deactivation notice submitted to PJM?
- b) How should PJM verify that the generation owner intends to retire by the publicly announced date?

Feedback:

- PJM could poll generators for feedback; utilize a portal for generators to update their statuses.
- Have a designated window for states, gen. owners, and stakeholders to submit information on private retirement commitments.
- For verification, PJM should require legally binding proof of an anticipated retirement (e.g., memorandum of understanding between gen. owner and off-taker).
- Screening methodologies for policy-driven retirements can be applied towards corporate retirement commitments.

Question:

- a) Are there other specific policies that PJM should be accounting for when identifying policy-driven deactivations? If so, please provide the policy and indicate how it would impact a resource from remaining in operation.

Feedback:

- State and federal policies that specify targets for new clean generation; these policies may indirectly impact generator retirements.
- State and federal policies that incentivize new generation or that place a price on GHG emissions/seek to reduce emissions.
 - PJM should conduct economic modeling to examine the impacts of market-based incentive policies.
- Also consider local policies.

Feedback on Question #4

Other assumptions about policy-driven retirements

Question:

a) Is there anything else that PJM should be considering on this topic?

Feedback:

- PJM should account for the impact of new replacement resources that are expected to come online during the same period as anticipated resource deactivations.
- PJM should begin proactive retirement analysis by modeling technical factors that impact plant retirement decisions, such as plant age and efficiency, instead of policy drivers. PJM should consider policy-driven deactivations through parallel analysis to identify if resources have multiple retirement drivers.
- Policymakers would benefit from scenario analysis that demonstrate consequences of proposed policies.
- Do not limit anticipated retirements to just policy-driven retirements (e.g., economic retirements that account for plant-life).
- PJM should account for uncertainty in the policy-driven retirement projections by not assuming that the same resources will retire due to policy in each scenario.

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