

## Variable Environmental Costs and Credits

### Issue Source

This item was brought forth as a proposed topic for the Cost Development Subcommittee (CDS) to discuss.

### Issue Content

The intent of this work is to elaborate on and provide additional clarification to Market Sellers on rules related to variable environmental charges and/or credits and their inclusion in a cost-based energy offers in accordance with the standards in Manual 15 Cost Development Guidelines and Schedule 2 of the Operating Agreement.

### Key Work Activities and Scope

Provide detailed guidance and updates, as necessary, in Manual 15 and Schedule 2 of the Operating Agreement for:

- 1) The annual emissions review process
  - a. Emission costs included in cost-based offers,
  - b. Review period, and PJM review process,
  - c. Coordination with Fuel Cost Policies,
  - d. Submittal of emissions data to PJM and the IMM
- 2) Requirements for the inclusion of environmental credits in non-zero cost-based offers

### Expected Deliverables

Expected deliverables include:

- 1) Revisions to Manual 15 Cost Development Guidelines
- 2) Revisions to Operating Agreement, Schedule 2

### Decision-Making Method

Tier 1, consensus (unanimity) on a single proposal.

### Stakeholder Group Assignment

This item will be discussed at the Cost Development Subcommittee (CDS) with the expected Manual 15 and Operating Agreement, Schedule 2 changes forwarded to the Market Implementation Committee (MIC) for endorsement.

### Expected Duration of Work Timeline

This item can be immediately discussed at the CDS. The expected timeline to complete this task is estimated to be 3 months.

Start Date	Priority Level	Timing	Meeting Frequency
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10/1/2021	<input type="checkbox"/> High <input checked="" type="checkbox"/> Medium <input type="checkbox"/> Low	<input checked="" type="checkbox"/> Immediate <input type="checkbox"/> Near Term <input type="checkbox"/> Far Term	<input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly
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**Charter**

*(check one box)*

<input type="checkbox"/>	This document will serve as the Charter for a new group created by its approval.
<input type="checkbox"/>	This work will be handled in an existing group with its own Charter (and applicable amendments).
<input checked="" type="checkbox"/>	This task was self assigned to CDS as it is within the existing CDS charter

*More detail available in M34; Section 6*

DRAFT