

PJM's Role in Facilitating the Transition to Achieve States' Clean Electricity Goals

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LS Power Group Overview

LS Power is a development, investment and operating company focused on the North American power and energy infrastructure sector

- **Founded in 1990, LS Power has over 250 employees** in NY, NJ, MO, TX and CA, beyond which its projects and businesses have **provided thousands of construction and operations jobs**
- **LS Power has raised over \$47 billion in debt and equity** (including over \$10 billion through its investment partnerships) **to finance and support energy infrastructure investments in the U.S.**
- LS Power actively invests in competitive power markets and
 - **Manages over 14,000 MW of generation capacity and over 4,000 MW of demand response and energy efficiency, for a total of over 18,000 MW throughout the US**
 - **Makes fuel neutral investments**, including solar, wind, battery energy storage, natural gas, hydro (both run-of-river and pumped storage), demand response and energy efficiency
 - **Leaders in distributed energy through EVgo** (the nation's largest fast charging platform for electric vehicles), **Endurant Energy** (provider of on-site energy and microgrid solutions in North America), **CPower Energy Management** (leading demand-side energy management company that helps commercial, industrial and government organizations save on energy costs, earn revenue through energy curtailment, enhance sustainability efforts, and contribute to a balanced, reliable grid)
 - **Invests over \$2 billion in high voltage transmission to support U.S. renewables and grid reliability**



Overview

- Competitive markets are the appropriate path forward for the expected transition to carbon neutrality
 - We already see the deployment of billions of dollars in clean technology
 - The MOPR has been eliminated so any barriers to state preferred resources ability to compete against unsubsidized or other state preferred resources on an equal footing are gone
- A regional, uniform carbon price would likely ensure a more efficient and faster transition
 - Would send stronger and better price signals as to what investments should be made, and as importantly, what facilities should retire or be refitted
 - Would likely reduce the need for states to subsidize preferred resources because that subsidy is a proxy for the price of cleaner energy
- PJM should continue to advocate for transparent, efficient, equitable market rules to ensure it continues to maintain reliability at the most efficient costs

Existing Tools in the PJM Toolshed

- Facilitation of carbon pricing established by some states
 - The Regional Greenhouse Gas Initiative (RGGI) prices carbon and resources are allowed to include RGGI costs in their energy bids into PJM's market
- Facilitation of trading of instruments designed to achieve lower emissions
 - At the request of New Jersey, PJM established its Generation Attributes Tracking System (GATS) to facilitate the trading of Renewable Energy Certificates (RECs)
 - As other states adopted similar programs, they were seamlessly incorporated into PJM's GATs
- Capability to design multi-state competitive procurement programs
 - If states were interested in procuring the most competitive clean resources rather than wanting to support specific state projects, PJM has the expertise and technology to facilitate a competitive procurement that could be designed around agreed upon criteria
 - This would provide significant consumer benefits

Carbon Emissions are a Function of Energy Production

- The Goal is to get emissions free resources to provide electricity without sacrificing reliability
- Technology is not available today that would enable emissions free resources to be dispatched and run for longer duration time periods
- Elimination of MOPR allows all resources to compete equitably (based on their ELCC accreditation) for capacity so there is no need for PJM to show resource preference in procuring capacity