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VIA EMAIL

December 22, 2021

Laura Roche
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Illinois Environmental Protection Agency
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Barbara Flynn Currie
Chairman
Illinois Pollution Control Board
100 W. Randolph Suite 11-500
Chicago, Illinois 60601
BarbaraFlynn.Currie@Illinois.gov

Re: Climate and Equitable Jobs Act (Public Act 102-0662)

Dear Ms. Roche and Ms. Currie:

This letter concerns the recently passed Climate and Equitable Jobs Act (CEJA). CEJA is expected to have significant impacts, both short and long term, on the PJM energy markets. Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM ("Market Monitor") seeks information about the implementation of CEJA, and, in particular, Section 90-55 of CEJA, which amends section 9.15 (k-5) to the Illinois Environmental Protection Act.

Section 90-55 states:

No EGU or large greenhouse gas-emitting unit that uses gas as a fuel and is not a public GHG-emitting unit may emit, in any 12-month period, CO₂e or co-pollutants in excess of that unit's existing emissions for those pollutants.

PJM implements market power mitigation rules that require market sellers to make cost-based offers in the PJM energy market when the units have market power or when the units are needed for reliability. The Market Monitor reviews market sellers' cost-based offers to ensure compliance with PJM tariff rules. As part of the Market Monitor's role, the Market Monitor administers the Opportunity Cost Calculator, which calculates an opportunity cost adder associated with a market seller's compliance with applicable environmental emissions limits.

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Several PJM market sellers with affected generating units in Illinois have contacted the Market Monitor seeking an opportunity cost adder related to the emission limits created by CEJA. It is essential to the competitive operation of the PJM markets that any such opportunity cost adders be calculated correctly and based on an accurate interpretation of the rules that create emissions limits.

In order to facilitate the proper application of the Opportunity Cost Calculator, the Market Monitor has questions related to the implementation of CEJA:

1. Is it correct that affected generators must comply with section 9.15 (k-5) beginning with the 12 month period from October 1, 2021, through September 30, 2022. If correct, are only emissions from October 1, 2021, through September 30, 2022, subject to limits in the first 12-month rolling period? If not, when does the compliance obligation begin?
2. Does the Illinois Environmental Protection Agency and/or the Illinois Pollution Control Board plan to monitor compliance with Section 9.15 (k-5)?
3. Does the Illinois Environmental Protection Agency and/or the Illinois Pollution Control Board plan to issue regulations addressing the implementation of Section 9.15 (k-5)?
4. Will the definition of the CO₂e emissions limit be based on current CEMS data for the baseline period or will it be based on the emissions estimates reported in 2018–2020?
5. Will the definition of ongoing CO₂e emissions be based on current CEMS data or will it be based on emissions estimates?
6. Will the definitions of co-pollutant baselines and ongoing emissions be based on estimated emissions per quantity of fuel (MMBtu) burned?

The Market Monitor appreciates any assistance that you can provide.

Sincerely,

Joseph Bowring
Independent Market Monitor for PJM
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cc: Christian Mitchell, Deputy Governor, Illinois
Jessica Himes, First Assistant Deputy Chief of Staff for Policy, Office of the Governor, Illinois
Stu Bresler, PJM Senior Vice President – Market Services
Asim Haque, PJM Vice President – State and Member Services
Stephen Bennet, PJM