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PJM Interconnection
2750 Monroe Blvd.
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March 26, 2020

Mr. Don Mosier, Executive Vice President and COO
East Kentucky Power Cooperative
4775 Lexington Rd. 40391
P.O. Box 707
Winchester, KY 40392-0707

Re: Response to your letter dated March 6, 2020
"Minimum Offer Price Rule and Carbon Pricing in PJM Markets"

Dear Mr. Mosier:

PJM appreciates you sharing the views of East Kentucky Power Cooperative (EKPC) in the correspondence referenced above. Your perspective both as a cooperative and as a representative of our very diverse stakeholder community is important to me. Please allow me to address both of the issues referenced in your correspondence here.

First, as to the Federal Energy Regulatory Commission's order on the (FERC) Minimum Offer Price Rule (MOPR), our rehearing request makes clear that PJM continues to support the right for entities to self-supply in the PJM capacity market. Indeed, since PJM's capacity market was adopted in 2006, entities self-supplying their own capacity, whether through ownership or bilateral contract, has been an accepted and understood component of the market design. PJM believes it unnecessary to have disrupted that model within the market. Additionally, PJM recognizes the value this feature provides to the public interest of the Commonwealth, and we are hopeful that the FERC heeds our rehearing request on this matter.

Second, with regard to carbon pricing, I respect your thoughtful viewpoint and appreciate the caution you flag. PJM recognizes that our diverse states and members have differing views on the issue and we see our role as helping facilitate policy decisions made by policy makers in our footprint. Within the Carbon Pricing Senior Task Force (CPSTF), PJM is not advocating that states adopt a carbon price. Our focus within the CPSTF continues to be on market design elements such as "leakage" and "border adjustments" that naturally occur when a state within our footprint adopts a carbon price while other states have not.

Your engagement in that discussion will continue to be important so as to represent the diverse stakeholder interests that exist as we collectively make this transition to a more sustainable future.

I very much appreciate the well wishes in my new role, and I look forward to our many opportunities to collaborate going forward.

Sincerely,

A handwritten signature in black ink, appearing to read 'Manu Asthana', written over a horizontal line.

Manu Asthana
President & CEO

Working to Perfect the Flow of Energy

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