



Planned Guidance for Identifying Resources with State Subsidies

Market Implementation Committee
March 11, 2020

Each Market Participant is responsible for certifying whether each resource in their account is or is not entitled to a State Subsidy.

- This step will not be required for resources that qualify for one of the categorical exemptions (pre-December 2019 self-supply, RPS, DR, EE, Storage).
 - One-time confirmation of the exemption status must be provided prior to the 2022/2023 BRA.
- This step will not be required for resources that already designated whether or not it is subject to a State Subsidy in a prior Delivery Year; provided, however, that the Capacity Market Seller has an ongoing obligation to notify PJM of a change in status within 30 days.

PJM and/or the IMM may request additional information if material misrepresentation is suspected.

- In cases of disagreement between PJM and the Market Seller re: a resource's entitlement to State Subsidy, PJM's determination will be used when clearing the auction, unless otherwise directed by FERC.

PJM and the IMM understand participants' desire for clarity on what programs constitute a State Subsidy and trigger the MOPR

- The tariff will include the FERC-provided definition of a State Subsidy.
 - It will also explicitly list specific types of programs that will not be considered State Subsidies.
- PJM and the IMM will provide guidance documentation to assist in further determination of a program's classification as a State Subsidy, including:
 - An "including but not limited to" list of programs that PJM and the IMM jointly consider a State Subsidy, which will be publicly posted on PJM's web site.
 - PJM will work with the IMM to develop this list.
 - Details around this process will be developed and communicated in the coming weeks.

“State Subsidy” shall mean a direct or indirect payment, concession, rebate, subsidy, non-bypassable consumer charge, or other financial benefit that is as a result of any action, mandated process, or sponsored process of a state government, a political subdivision or agency of a state, or an electric cooperative formed pursuant to state law, and that

- (1) is derived from or connected to the procurement of
 - (a) electricity or electric generation capacity sold at wholesale in interstate commerce, or
 - (b) an attribute of the generation process for electricity or electric generation capacity sold at wholesale in interstate commerce; or
- (2) will support the construction, development, or operation of a new or existing capacity resource; or
- (3) could have the effect of allowing the unit to clear in any PJM capacity auction.



Exclusions from Proposed Tariff Definition of State Subsidy

Notwithstanding the foregoing, State Subsidy shall not include

- (a) payments, concessions, rebates, subsidies, or incentives designed to incent, or participation in a program, contract or other arrangement that utilizes criteria designed to incent or promote, general industrial development in an area or designed to incent siting facilities in that county or locality rather than another county or locality;
- (b) any tax or other cost imposed on certain resources that is imposed by a state or group of states that indirectly benefits unaffected resources (e.g., the Regional Greenhouse Gas Initiative),
- (c) any indirect benefits to a Capacity Resource as a result of any transmission project approved as part of the Regional Transmission Expansion Plan, or
- (d) any contract, legally enforceable obligation, or rate pursuant to the Public Utility Regulatory Policies Act or any other state-administered federal regulatory program (e.g., the Cross-State Air Pollution Rule), or
- (e) any state-directed default service procurement program that is competitively procured without regard to resource fuel type (e.g., New Jersey Basic Generation Service, Maryland Standard Offer Service).