

Consumer Perspectives on Carbon Markets

Office of the People's Counsel for the District of Columbia
CFTC Energy and Environmental Markets Advisory Committee

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Overview of DC OPC

- By law, DC OPC is the statutory advocate for consumers of regulated utility service in the District of Columbia.
- **DISCLAIMER-** Presentation is for discussion purposes only and does not reflect the policies or positions the Office or the People's Counsel may take on any specific matter.

No Longer Just “Least Cost”

- From “reliability at least cost” to “cost effective reliability and sustainability”
- Consumer advocate offices, like DC OPC, are charged with helping meet sustainability goals in an affordable manner
- Concerns regarding environmental justice and cost impacts of clean energy goals on low- and moderate-income ratepayers
- Need robust solutions that balance multiple considerations including cost, reliability/resiliency, environment, and economy

Growing Importance of Sustainability

Washington, DC

- The District has robust de-carbonization goals, including reducing carbon emissions 50% by 2032 and carbon neutrality by 2050

National Picture

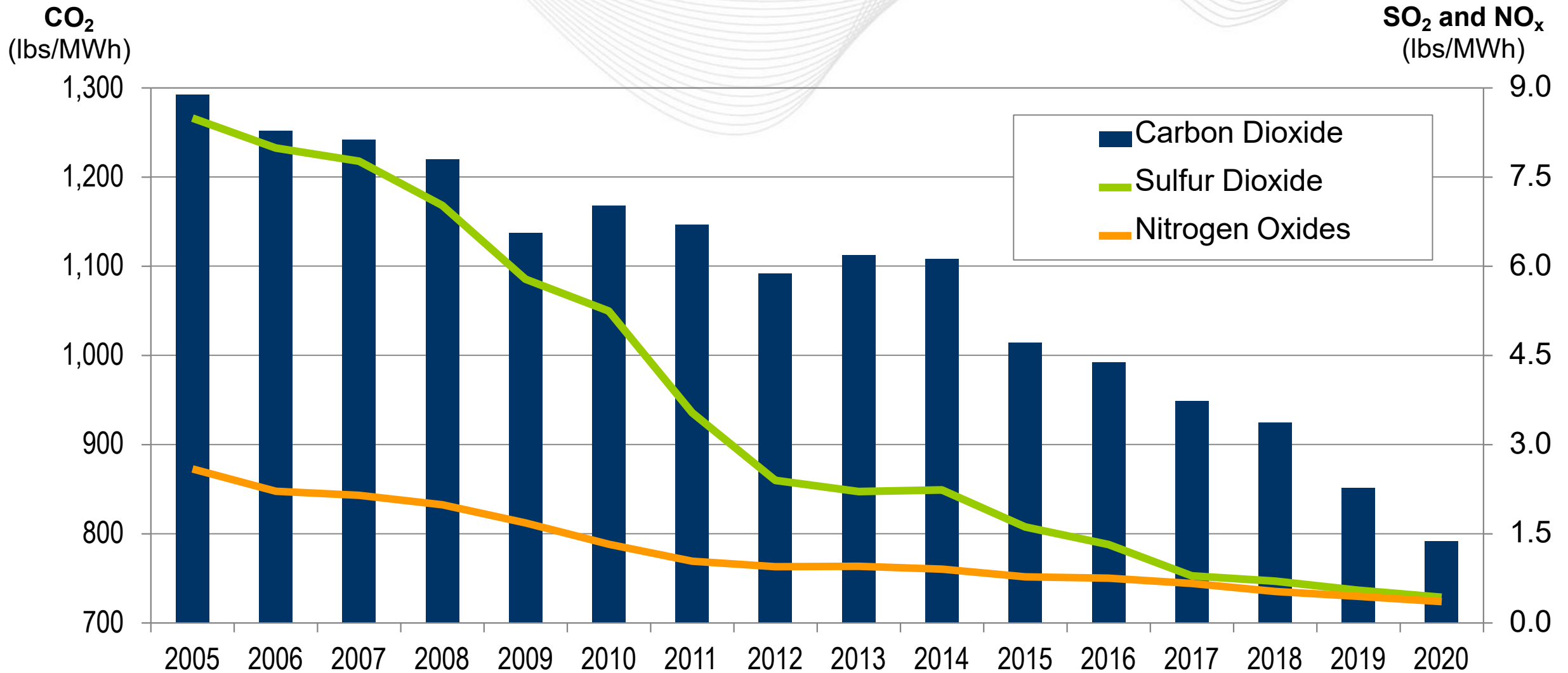
- More than half the states have established renewable energy targets
- 30 states, Washington, D.C., and three territories have adopted Renewable Portfolio Standards (RPS)
- 14 states, Washington, D.C., Puerto Rico, and the Virgin Islands have RPS requirements of 50% or greater

Overview of Current Sustainability Targets

- Very diverse—some states with robust targets, others with little or none
- Different definitions of “renewable resources”
- Difficult for multistate organized markets (PJM, MISO, etc.) to develop carbon pricing—questions regarding border adjustments
- Some cooperation across borders/markets—Regional Greenhouse Gas Initiative (RGGI)



2005 – 2020 PJM Average Emissions



Significant Reductions in Carbon Already Achieved

- PJM region has seen significant reductions in carbon over the last 15 years, largely due to the transition from coal to natural gas-based generation
- Has the “low hanging fruit” been harvested?
- What role can carbon pricing play in helping achieve deep decarbonization?

Potential Benefits of Carbon Pricing

- Create uniform value for all resources, carbon-free and thermal
- Pricing across a region may address some border adjustment issues
- Reduce the need for individual state policies to encourage low carbon resources
- Address perceived concerns regarding state policies and organized markets

Questions Regarding Carbon Pricing

- Demonstrable cost/benefit to consumers—higher costs must come with clear benefits to sustainability
- Equitable and just distribution of revenue from carbon pricing
- Appropriate scope—sub-market, RTO, multi-market, nation wide
- Matching incentives with goals
- Forward-looking nature of the market

Role of the CFTC

- Recognition of the use of carbon pricing as a hedging tool
- Ensure transparency and market liquidity
- Ensure consumers are protected from market manipulation or failure

Questions?

Contact Information

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