

Markets and Reliability Committee

Webex Only

January 27, 2021

9:00 a.m. – 1:15 p.m.

Administration

Stu Bresler and Dave Anders welcomed stakeholders and provided the Anti-trust, Code of Conduct, and Meeting Participation announcements. Stu Bresler noted that item E was removed from the Consent Agenda, and would be combined with item 10, Recent FERC Order Regarding the Capacity Market, to be addressed immediately after the Consent Agenda, as the first item under Endorsements/Approvals.

Consent Agenda

Items A through D and F were **approved/endorsed** by acclamation with one objection (item A) and no abstentions.

- A. Draft minutes of the December 17, 2020 meeting of the Markets and Reliability Committee (MRC).
- B. Proposed revisions to Manual 6: Financial Transmission Rights addressing the enforcement of FTR Bid Limits at the corporate entity level.
- C. Proposed revisions to Manual 12: Balancing Operations resulting from the periodic review.
- D. Proposed revisions to Manual 13: Emergency Operations resulting from the periodic review.
- E. Removed from the Consent Agenda and combined with item 10.
- F. Proposed revisions to Manual 38: Operations Planning resulting from the periodic review.

Endorsements/Approvals

10. Recent FERC Order Regarding the Capacity Market

Chen Lu provided an update on the recent FERC Order regarding the Capacity Market. Jeff Bastion reviewed proposed revisions to Manual 18: PJM Capacity Market conforming to the FERC-ordered rule changes in the Minimum Offer Price Rule and Forward Energy & Ancillary Services Offset dockets (Docket Nos. EL16-49-003, EL18-178-003, ER18-1314-006 and EL19-58). Jason Barker proposed a friendly amendment to change “may” to “must” in the redlined sentence below:

Seller's financial accounting (e.g., independently audited financial statements), ~~or~~ **To the extent the seller has not executed project financing for the resource, the Capacity Market Seller may submit project financing documents for the resource** ~~or~~ evidence of actual costs or financing assumptions of recent comparable projects ~~to the extent the seller has not executed project financing for the resource (e.g., independent project engineer opinion or manufacturer's performance guarantee)~~ ~~, or~~ opinions of third-party experts regarding the

There were no objections to this being considered friendly, and therefore it was incorporated into the proposed revisions. Following discussion, the committee **endorsed** the proposed revisions by acclamation with no objections or abstentions.

[Issue Tracking: Capacity Market Minimum Offer Price Rule \(MOPR\) Order](#)

1. Manual 14C Revisions

Mark Sims reviewed proposed revisions to Manual 14C: Generation and Transmission Interconnection Facility Construction as part of the biennial cover-to-cover review. Greg Poulos, on behalf of the Delaware Division of the Public Advocate, proposed a friendly amendment to modify Manual 14C sections 6.1.2 and 6.2.1 as shown below:

<p>6.1.2 Tracking: PJM may request additional information regarding projects consistent with PJM Manual 14B, section 1.4.2.3, including status of permits and state approvals that impact the project schedule. Any permit or certificate delays that are anticipated to impact the projected in-service date should be timely communicated to PJM. Regular updates need to include the following:</p> <ul style="list-style-type: none"> • General status of engineering and construction (including any relevant regulatory siting authority approval necessary for the project and the status of such approval) • Percent complete (Transmission Owners should follow 'percent complete' guidance given the 'Schedule and Milestone Tracking' section) • Current target in-service date or actual completion date
<p>6.2.1 Tracking: PJM may request additional information regarding projects consistent with PJM Manual 14B, section 1.4.2.3, including status of permits and state approvals that impact the project schedule. Any permit or certificate delays that are anticipated to impact the projected in-service date should be timely communicated to PJM. Regular updates from the Transmission Owners need to include the following:</p> <ul style="list-style-type: none"> • General status of engineering and construction (including any relevant regulatory siting authority approval necessary for the project and the status of such approval) • Percent complete (Transmission Owners should follow 'percent complete' guidance given the 'Schedule and Milestone Tracking' section) • Current target in-service date or actual completion date <p style="text-align: right;">Greg Poulos, CAPS PJM MRC, January 27, 2021</p>

There were no objections to this being friendly, and therefore it was incorporated into the main motion. Following discussion, the committee **endorsed** the proposed revisions by acclamation with one objection and one abstention.

2. Real Time Values Market Rules

Laura Walter reviewed a proposed solution package addressing Real Time Values Market Rules and corresponding revisions to Manual 11: Energy & Ancillary Services Market Operations, Tariff Attachment K and Operating Agreement (OA) Schedule 1. Following discussion, the committee **endorsed** the proposed revisions in a sector-weighted vote with 4.9 in favor.

[Issue Tracking: Real Time Market Values](#)

3. PRD Credits Disposition

Pete Langbein reviewed a proposed solution package addressing the disposition of PRD credits and corresponding revisions to Manual 11: Energy & Ancillary Services Market Operations, Manual 18: PJM Capacity Market, OA, Tariff, and Reliability Assurance Agreement (RAA). Following discussion, the committee **endorsed** the proposed revisions by acclamation with no objections or abstentions.

[Issue Tracking: Price Responsive Demand \(PRD\) Credits Disposition](#)

4. Stability Limits in Markets and Operations

- A. Lisa Morelli provided an overview of the MIC’s work activities and related procedural history for the Stability Limits in Markets and Operations issue.
- B. Joe Ciabattoni reviewed the proposed Capacity Constraint solution package (the main motion) and corresponding Operating Agreement (OA) and Tariff revisions.
- C. Paul Sotkiewicz, on behalf of JPower, reviewed the proposed Opportunity Cost solution package (the first alternate proposal).

Following discussion, the committee **endorsed** the proposed OA and Tariff revisions associated with the Capacity Constraint solution package (the main motion) in a sector-weighted vote with 4.05 in favor.

[Issue Tracking: Stability Limits in Markets and Operations](#)

5. Black Start Unit Testing, CRF, Involuntary Termination, MTSL and Substitution Rules

Becky Davis reviewed proposed solution packages addressing Black Start Unit Involuntary Termination, Substitution Rules, Capital Recovery Factor (CRF) and Minimum Tank Suction Level (MTSL) and corresponding revisions to the Tariff, Manual 12: Balancing Operations, Manual 14D: Generator Operational Requirements, and Manual 15: Cost Development Guidelines. Following discussion, the Main motion **failed** in a sector-weighted vote with 2.48 in favor. The alternate motion also **failed** in a sector-weighted vote with 2.47 in favor.

[Black Start Unit Involuntary Termination & Substitution Rules](#)

First Readings

6. Black Start Unit Testing, CRF, Involuntary Termination, MTSL and Substitution Rules including Existing Resources

Greg Poulos, on behalf of Delaware Division of the Public Advocate, reviewed a proposed solution package addressing Black Start Unit Involuntary Termination, Substitution Rules, Capital Recovery Factor (CRF) and Minimum Tank Suction Level (MTSL) that includes existing resources.

Alex Stern, PSEG, moved and David Scarpignato, Calpine, seconded that the OC be directed to discuss and act on the Proposal of the DE Public Advocate; additional proposals may be considered as well. Following discussion, the motion **failed** in a sector-weighted vote with 2.2 in favor.

The committee may be asked to vote on the proposal of the Delaware Division of the Public Advocate at a future meeting.

7. Storage as a Transmission Asset (SATA)

- A. Michele Greening provided an overview of the SATA work activities and timeline.
- B. Jeffrey Goldberg reviewed the proposed solution package addressing storage as a transmission asset.

- C. Pauline Foley was available to review Tariff and OA revisions supporting the solution package.
- D. Sharon Segner, LS Power, intends to propose a friendly amendment to this agenda item. Related materials have been posted with this agenda item in addition to under agenda item 8.

The committee will be asked to endorse the proposed solution and revisions at its next meeting.

[Issue Tracking: Storage As a Transmission Asset](#)

8. Competitive Exemption OA Revisions for SATA Resources

Sharon Segner, LS Power, reviewed proposed OA revisions regarding the competitive procurement exemption – in particular, the immediate need reliability exemption process related to SATA resources. The committee may be asked to endorse the revisions at a future meeting.

9. PJM Manuals

- A. Maureen Curley reviewed proposed revisions to Manual 40: Training and Certification Requirements resulting from the periodic review. The committee will be asked to endorse the revisions at its next meeting.

Informational Reports

Item 10 was combined with Consent Agenda item E and moved to Endorsements/Approvals.

Informational Posting Only

None

Future Agenda Items

No new future agenda items were identified.

Future Meeting Dates

February 24, 2021	9:00 a.m.	WebEx
March 24, 2021	9:00 a.m.	WebEx
April 21, 2021	9:00 a.m.	WebEx
May 26, 2021	9:00 a.m.	WebEx
June 23, 2021	9:00 a.m.	WebEx
July 28, 2021	9:00 a.m.	TBD
August 25, 2021	9:00 a.m.	TBD
September 29, 2021	9:00 a.m.	TBD
October 20, 2021	9:00 a.m.	TBD
November 17, 2021	9:00 a.m.	TBD
December 15, 2021	9:00 a.m.	TBD

Author: D. Anders