

Facility Study Agreement (FSA) Modeling – Package A'

PJM currently includes queued generation resources with an executed Facility Study Agreement (FSA) or a suspended/interim Interconnection Service Agreement (ISA) in the base case for Market Efficiency Analysis. These units are available for dispatch in the simulations. Given that many of the projects in the facility study phase, or which have a suspended ISA, may not ultimately interconnect with the system, including them in the Market Efficiency Base Case can result in unrealistic estimates of specific benefits for any system reinforcement due to having significantly more generation than the reserve requirement. Currently, PJM is able to exclude resources with an executed FSA or a suspended ISA from its Market Efficiency Base Case upon reviewing these assumptions with the Transmission Expansion Advisory Committee (TEAC) on an as needed basis.

With recent trends in generation construction and load growth, generating units with an executed ISA or Wholesale Market Participation Agreement (WMPA) are currently sufficient to serve the load and fulfill reserve requirements within the PJM footprint for the Market Efficiency Analysis study years. Therefore, Package A' for FSA modeling will modify the process such that by default all generation resources with an executed FSA, or a suspended ISA, are excluded from Market Efficiency Base Case at the time of case build. Excluding these resources will also make the base case more consistent with the case being used for reliability analysis. Under Package A', if additional generation is needed to fulfill the PJM reserve requirement, FSA and suspended ISA resources will be ranked based on commercial probability and resources with the highest rankings will be included in the base case, until the reserve requirement is met. In the case of including FSA or suspended ISA resources in the base case, TEAC will be notified and the assumptions will be reviewed at TEAC.

Key Elements:

FSA Modeling: By default, queue generation resources in the facility study phase, or with a suspended ISA, and their associated network upgrades, are excluded from the Market Efficiency Base Case.

FSA Exception: If any resources in the facility study phase, or with a suspended ISA are included in the base case at time of case build, TEAC will be notified and the assumptions will be reviewed at TEAC on an as needed basis.

Criteria to Include FSAs: In case of a reserve deficiency, resources in the FSA phase, or with a suspended ISA will be ranked by commercial probability. PJM will include the resources with the highest rankings, as well as the expected network upgrades, in the Market Efficiency Base Case, until the reserve requirement is met.