



PJM Capacity Market Fuel Assurance Accreditation Concept

RASTF/CIFP Meeting
May 17, 2023

Develop a simplified process to effectively value resource capacity and incentive generator measures to enhance their fuel security for consideration in the forward capacity market.

Initial focus is on natural gas generation during the winter months due to gas pipeline capacity constraints, the inherent just in time delivery characteristics of natural gas and lack of onsite storage capability, however other fuel types will likely be included with appropriate attestation. A coal resource attestation has been drafted as well.

This effort is specifically targeted at the forward capacity market. PJM continues to address more real time gas-electric operational issues through other stakeholder meetings (EGCSTF)

Two Key Components:

- Attestation—PJM obtaining information in order to categorize levels of fuel security (three tiers outlined below)
- Accreditation—Use of ELCC applied to each tier to assign capacity value for that level of fuel security

Establish three fuel assurance categories that clearly define the level of fuel delivery security that the generator is bringing into the capacity market

- Dual fuel
- Single Fuel - Firm Transportation
- Single Fuel – Non Firm

Require generation owners to provide signed attestation that the fuel arrangements of the units that they are bidding into the forward capacity market will fall into one of the above three categories

This proposal is not linked to PJM Capacity Performance and as such, does not eliminate existing capacity performance obligations as currently structured.

Resource Obligation

- Unit owner selecting Tier I or Tier II, commits that it will have the appropriate fuel security arrangements in place commensurate with their selected fuel assurance category.
- Attestation includes confirmation that the unit's selected fuel security arrangement must be in place for the portion of the year running from November 1 through March 31, at a minimum. Additionally, units in this Tier I category must be able to operate on their secondary, onsite fuel, for a minimum of 72 consecutive hours at its accredited capacity level each time they are required and dispatched by PJM.
- Units selecting Tier III will provide support for this selection identifying the physical obstacles preventing them from increasing their level of fuel security through commercial options.(i.e. not simply an economic decision).



Fuel Assurance Categories – Natural Gas

Value Ranking of Fuel Assurance Category	Unit Fuel Assurance Category	Description of Fuel Assurance Category	Requirements
Tier I	Dual Fuel	Unit can start up and operate independently on each fuel type up to its accredited capacity level during the period November 1 through March 31 for each year in which it is participating in the capacity market. Additionally, units in this Tier I category must be able to operate on their secondary, onsite fuel, for a minimum of 72 consecutive hours each time they are required and dispatched by PJM.	Unit must demonstrate through the proposed attestation, additional documentation and testing to verify and validate this capability. Alternatively, if the unit is not yet in commercial operation, the proposed attestation and supporting information must be provided that documents that the unit will have full dual fuel capability in service for the upcoming capacity period.
Tier II	Gas-Only Firm Transportation Capacity	Unit has or will have in place, a Firm pipeline transportation arrangement from a firm liquid receipt point to firm delivery point and this contract is in effect during the period November 1 through March 31 for each year in which it is participating in the capacity market. The firm contract daily volumes must be sufficient to cover the accredited capacity level of the unit.	Unit required to provide the proposed attestation and supporting documentation of pipeline transport contracts which demonstrate firm delivery and which support this Tier II selection. This may include bundled firm delivery service arrangements through a third party marketer or asset manager.
Tier III	Gas-Only Fully Interruptible Transportation	Gas delivery to the unit is fully interruptible during the period November 1 through March 31 for each year in which it is participating in the capacity market.	N/A

Additional Issues for discussion:

- Defining the obligation: unit owner attests that it will have their selected fuel security arrangement in place that will allow the unit to be available upon PJM dispatch at its accredited capacity level during the period November 1 through March 31.
 - *Or explain why there are not able to do so and what the physical restrictions are that could not be rectified among any commercial alternatives actually available to it (i.e. not simply an economic decision).*
- Historic Data Limitations: possible need to transition ELCC accreditation given limits on historic performance data by fuel assurance category.
- Commodity: Should the proposal seek to address deliverability of gas commodity supplies? If so, how?
- Addressing Gas Supply Force Majeure Provisions: Should there be provisions to require generators to validate that gas supply is being procured from gas producers that have taken steps to winterize their facilities to mitigate production losses? If so, how should this be accomplished?

Review of Draft Gas Attestation