

# AMP's Views on PJM's Proposed Reliability Resource Initiative (RRI)

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# RRI has the Wrong Focus

- PJM's Reliability Resource Initiative (RRI) Special MRC presentation references risks from the February 2023 Resource Retirements, Replacements and Risks (4R) Report (November 7, 2024 PC agenda item 4, slides 3-4).
- The 4R Report is outdated because it understates current reliability concerns.
  - **PJM:** Models show increased risk of having insufficient resources to maintain the reliable electric service that consumers expect by Delivery Year 2029/30 (see August 6, 2024 PC agenda item 8, slides 4, 6).
  - **AMP:** Reliability issues may manifest sooner given additional load growth projections made by EDCs/TOs, based on information recently provided to the Load Analysis Subcommittee and stories in the trade press.
- PJM's proposal of its RRI only further emphasizes the failures of RPM, which erroneously focuses on capacity as a fungible product instead of focusing on resource attributes (e.g., ramping capability, quick-start capability, and fuel security).

# RRI is Improperly Weighted

- PJM’s proposed weighting (both original and revised) is biased and misguided:

RRI Formula Proposal:

<p><b>UCAP</b> (35 points) Rank highest to lowest UCAP</p>	<p><b>In-Service Date Viability</b> (35 points) Critical path construction schedule validate by PJM (target is June 1, 2029 or sooner) System impact</p>	<p><b>ELCC</b> (20 points) ELCC ranking</p>	<p><b>Location</b> (10 points) Adder for locating in a zone that cleared above the rest of the RTO in the 2025/26 BRA</p>
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- Bias is towards size (UCAP and ELCC, combined 55 of 100 points).
- PJM needs to focus primarily on viability and timing of project completion:
  - Project size is irrelevant if projects are not viable or will not meet reliability needs in a timely manner based on projected in-service dates.

# RRI Needs Work

- AMP firmly supports initiatives focused on providing viable solutions to address reliability issues.
- AMP conditionally supports RRI, contingent on fixes to the scoring mechanism.
  - Additional concerns may be identified based on other stakeholders' presentations.
- Further, any resource that agrees to be selected as part of the RRI must:
  1. Commit to offering into RPM auctions (BRAs and IAs) and, if it clears it, the resource will have a Capacity Performance obligation for the entire delivery year (*i.e.*, the resource cannot buy out of its position).
  2. Not be part of an FRR plan.
  3. Agree to an RPM must-offer obligation for the life of the resource (*i.e.*, no term limits, such as ten years proposed by PJM).



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