

Emergency Operating Instruction Compensation

Problem / Opportunity Statement

In the event that PJM issues an Operating Instruction¹, resulting from, either emergency conditions or conservative operations associated with gas-pipeline contingency analysis (PJM Operating Instruction), that instructs a generator to make certain operational changes, normally made at the discretion of the generation owner, there is a potential that generator may incur costs, arising from complying with PJM Operating Instructions. Currently, some of these costs are not covered in the PJM governing documents. There is a concern that generators may not have a means to recover their costs incurred by following a PJM Operating Instruction. A generator should not be forced to choose between incurring unrecoverable costs or potential penalties associated with the Operating Agreement/NERC compliance violations.

Stakeholders should discuss the conditions, such as electric or gas infrastructure constraints or in response to an external cyber or physical threat, under which a resource would be given a PJM Operating Instruction to modify its dispatch or make operational changes. Stakeholders should identify the types of Operating Instructions, such as switching to an alternate fuel or to an alternate gas pipeline, which may result in uncompensated costs. Stakeholders should discuss costs that could be incurred as a result of following PJM Operating Instructions. Examples of costs may include:

- Increased fuel costs arising from new purchases or liquidating existing supply arrangements and associated transportation costs
- Fuel and energy market related charges (e.g. gas imbalance charges) attributed to taking such actions
- Potential Capacity Performance penalties directly related to PJM Operating Instructions

Finally, once identified, stakeholders should discuss if these resources should be eligible to recover these costs, and if so, how they would be settled for billing purposes, including cost allocation and determine if any changes to the PJM Tariff, Operating Agreement, and / or PJM manuals are required.

¹ Operating Instruction as defined by NERC: A command by operating personnel responsible for the Real-time operation of the interconnected Bulk Electric System to change or preserve the state, status, output, or input of an Element of the Bulk Electric System or Facility of the Bulk Electric System. (A discussion of general information and of potential options or alternatives to resolve Bulk Electric System operating concerns is not a command and is not considered an Operating Instruction.)

https://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary_of_Terms.pdf