

INTERFACE PRICING FOR NON-MARKET ENTITIES

PROBLEM / OPPORTUNITY STATEMENT

In 2009, the FERC approved OATT and Operating Agreement updates to incorporate two additional Interface Pricing options: High/Low and Marginal Cost Proxy. Both options are intended for directly connected non-Market entities and require generating unit telemetry and bid parameters. Additionally, the Marginal Cost Proxy methodology requires a formalized congestion management agreement with the participating party. Duke Energy Progress entered into an agreement with PJM (memorialized in the PJM/Progress Energy Joint Operating Agreement (JOA)) which led to a jointly established Dynamic Schedule between PJM and Duke Energy Progress.

In 2019, Duke Energy Progress requested the retirement of the Dynamic Schedule. FERC approved the removal of JOA language which led to the retirement of the Dynamic Schedule on July 2019.

PJM and its stakeholders have the opportunity to retire the aforementioned processes associated with the development of Interface Pricing Points for non-Market entities. There is an opportunity to simplify the existing language to remove outdated processes no longer used and better align with the existing language for the current Interface Pricing process in use.

PJM Manual 11, Section 2.20, Interface Prices provides a high level overview of the review process for the three existing Interface Pricing Points: NYISO, MISO, and SOUTH. A small portion of OATT language in Section 2.6A supports the process outlined in M-11.