

M18 Updates for ER15-623 Capacity Performance Filing

MRC Meeting
February 26, 2015

- Proposed revisions for Capacity Performance filing (ER15-623), filed December 12, 2014.
- Capacity Performance filing proposes a number of reforms to ensure that resources committed to meet the PJM Region's reliability needs will deliver the promised energy and reserves when called upon in emergencies.
- PJM requested an effective date of April 1, 2015.

Proposed Revision	Impacted M-18 Sections
<p>Update capacity product definition</p> <ul style="list-style-type: none"> Recognize two product types, Capacity Performance (new product type) and Base Capacity (redefined summer product), effective 2018/2019 & 2019/2020 Delivery Years. Transition solely to Capacity Performance product type effective 2020/2021 Delivery Year. 	<ul style="list-style-type: none"> 1.1 Overview of PJM Capacity Market 1.5 Transition to Capacity Performance (new section) 2.3.4 Capacity Import Limits 4.1 Overview of Supply in Reliability Pricing Model 4.3.1 Requirements of Load Management Products in RPM 4.3.3 Demand Resources 4.3.5 Pre-Emergency and Emergency Load Response Registration 4.4 Energy Efficiency Resources 4.4.1 Determination of Nominated Value of EE Resources 4.5 Qualified Transmission Upgrades 4.6.2 Entering Unit-Specific Bilateral Transactions 4.6.6 Auction Specific MW Transactions 4.6.7 Cleared Buy Bid Transactions 4.6.8 Locational UCAP Transactions 5.3.1 Resource-specific Sell Offer Requirements 5.4 Buy Bids in RPM 8.7 Replacement Resources 11.4.1 Resource Portfolio (FRR) Attachment B: Authorization to Self-Schedule Capacity
<p>Revise definition of Existing generation - remove the treatment of generation that is not yet in service but has cleared an RPM Auction as Existing generation.</p>	<ul style="list-style-type: none"> 1.2.2 Participation of Resource Providers 5.3.4 Sell Offer Caps 5.6.1 Participation in the Base Residual Auction 5.7.1 Participation in the Incremental Auctions

Proposed Revision	Impacted M-18 Sections
Eliminate Short Term Resource Procurement Target	1.3 Definition and Purpose of RPM 3.3 Parameters of Variable Resource Requirement 3.4 & 3.4.1 Plotting the Variable Resource Requirement Curve 3.5 Demand Curves in the Incremental Auctions 5.3 RPM Auction Parameters 5.7 Incremental Auctions
Conduct Transition Incremental Auction for 2016/2017 & 2017/2018 Delivery Years to procure Capacity Performance Resources	1.5 Transition to Capacity Performance (new section) 5.1 Overview of RPM Auctions 5.7 Incremental Auctions
Eliminate forced outage rates that are outside management control (OMC) from Pool-wide average EFORd and a unit's EFORd.	2.1.3 Pool-wide average EFORd 4.2.5 Equivalent Demand Forced Outage Rate (EFORd)
Replace Limited Resource Constraint & Sub-Annual Resource Constraint (to be effective for 2017/2018 only) with Base Capacity Demand Resource Constraint and Base Capacity Resource Constraint (effective 2018/2019 & 2019/2020 Delivery Years)	2.4.3A Limited Resource Constraint & Sub-Annual Resource Constraint 2.4.3B Base Capacity Demand Resource Constraint and Base Capacity Resource Constraint (new section) 2.4.4 Adjustments to RPM Auction Parameters for PRD 5.3 RPM Auction Parameters 5.6.2 Auction Clearing Mechanism – Base Residual Auction 5.7.5 Auction Clearing Mechanism – Incremental Auctions 11.1.3 Participation in FRR Alternative 11.3 Capacity Plan (FRR) 11.4.1 Resource Portfolio (FRR)

Proposed Revision	Impacted M-18 Sections
<p>Allow Aggregate Resources effective 2018/2019 Delivery Year</p> <ul style="list-style-type: none"> • May combine Intermittent Resources, Capacity Storage Resources, Demand Resources, or Energy Efficiency Resources in same LDA to form single Aggregate Resource that satisfies Capacity Performance requirements. 	<p>4.1 Overview of Supply in the Reliability Pricing Model 4.6.2 Entering Unit-Specific Bilateral Transactions 4.6.6 Auction Specific MW Transactions 4.6.8 Locational UCAP Transactions 4.9 Aggregate Resources (new section) 5.3.1 Resource-specific Sell Offer Requirements</p>
<p>Replace minimum requirement of Impact Study Agreement to minimum requirement of Facilities Study Agreement for planned generation that is greater than 20 MW (effective 2019/2020 Delivery Year)</p>	<p>4.2.3 Planned Generation Resources –Internal 4.2.4 Planned Generation Resources –External</p>
<p>Revise capacity cost allocation methodology and basis for Peak Load Contributions (PLCs) (proposed revision in December 12, 2014 filing; however, this provision may be deferred for further stakeholder discussion)</p>	<p>4.3.7 Determination of Nominated Values for Load Management 7.2.2 Base Unforced Capacity Obligations 7.2.3 Final Unforced Capacity Obligations 7.3 RPM Scaling Factors 7.3.1 Zonal Weather Normalized Summer Peaks 7.3.1A Zonal Obligation Peak Load (new section) 7.3.2 Base Zonal RPM Scaling Factor 7.3.2 Final Zonal RPM Scaling Factor</p>
<p>Elimination of DR Factor effective 2018/2019 Delivery Year</p>	<p>4.3.8 Determination of UCAP Value of Load Management 4.4.2 Determination of UCAP Value of EE Resource 4.7.2 Resource Position for Demand Resources 5.3 RPM Auction Parameters</p>

Proposed Revision	Impacted M-18 Sections
<p>Update RPM Auction Credit Rates</p> <ul style="list-style-type: none"> • Retain current RPM Auction Credit Rates for planned non-Capacity Performance Resources and propose new Auction Credit Rates for planned Capacity Performance Resources. • Specify Auction Credit Rate for QTU is based on LDA in which upgrade was to increase CETL. 	<p>4.8.3 Auction Credit Rates</p>
<p>Clarify RPM Credit Adjustment Factor for planned external generation resources.</p> <ul style="list-style-type: none"> • Factor reduced to 50% once the equivalent of Interconnection Service Agreement has been executed and 50% or more of firm transmission service has been secured. • Factor reduced to 0% when resource commences Interconnection Service and 100% of the MWs of firm transmission service for complete transmission path has been secured. 	<p>4.8.2 RPM Credit Requirement</p>
<p>Allow Coupled Offers - may submit separate, but coupled Base and Capacity Performance sell offer segments for a capacity resource</p>	<p>5.3.1 Resource-specific Sell Offer Requirements</p>
<p>Include Capacity Performance Must-Offer Requirement (excludes Intermittent Resources, Capacity Storage Resources, Demand Resources, and Energy Efficiency Resources)</p>	<p>5.3.1 Resource-specific Sell Offer Requirements</p>

Proposed Revision	Impacted M-18 Sections
Set sell offer cap for Capacity Performance Generation Resource to be Net CONE for LDA in which resource resides	5.3.1 Resource-specific Sell Offer Requirements
Include Sell Offer Representation for Capacity Performance Offer Segment	5.3.1A Sell Offer Representation for Capacity Performance Offer Segment (new section)
Replace Limited Resource Price Decrement and Sub-Annual Resource Price Decrement (to be effective for 2017/2018 only) with Base Capacity Demand Resource Price Decrement and Base Capacity Resource Price Decrement (effective 2018/2019 & 2019/2020 Delivery Years)	5.6.2 Auction Clearing Mechanism – Base Residual Auction 5.7.5 Auction Clearing Mechanism – Incremental Auctions 5.6.1 Zonal Capacity Prices
<p>Include Non-Performance Assessment</p> <ul style="list-style-type: none"> • Effective 2018/2019 Delivery Year for all resources and effective 2016/2017 & 2017/2018 Delivery Year for generation resources with Capacity Performance commitments from a Transitional Incremental Auction. • Non-Performance Assessment replaces Peak Hour Period Availability, PSM Compliance, and Load Management Event Compliance effective 2018/2019 Delivery Year. 	<p>8.1 Overview of Resource Performance Assessments 8.4 Generating Unit Peak-Hour Period Availability 8.4A Non-Performance Assessment (new section) 8.4.7 Peak Season Maintenance (PSM) Compliance 8.5 Load Management Event Compliance 9.1.11 Non-Performance Assessment Charge/Bonus Performance Credit (new section) 11.3 Capacity Plan (FRR)</p>