



Reliability Resource Initiative Straw Proposal

Donnie Bielak
Director, Interconnection Planning
Planning Committee
October 18, 2024

PJM has communicated ***growing resource adequacy concerns*** in recent years driven by the following factors:

- Significant load growth, including large data centers
- Developer issues with supply chain, permitting and financing have slowed new resource additions.
- Accelerated generator retirement due to age and environmental concerns
- Lower reliability value of resources in the interconnection queue as measured by ELCC

The recent capacity auction results for the 2025/2026 Delivery Year – *i.e., higher prices than in previous auctions* – reflect these supply-demand fundamentals

Implemented Interconnection Reforms

April 23, 2021

Stakeholders begin queue reform through Interconnection Process Reform Task Force.



2021

April 8, 2022

Final meeting of Interconnection Process Reform Task Force



2022

Nov. 29, 2022

FERC issues order approving reforms.



July 10, 2023

Interconnection process reform transition begins.



2023

May–November 2021

Stakeholders work through issues in seven policy workshops.



April 27, 2022

PJM Members Committee overwhelmingly endorses reform package.

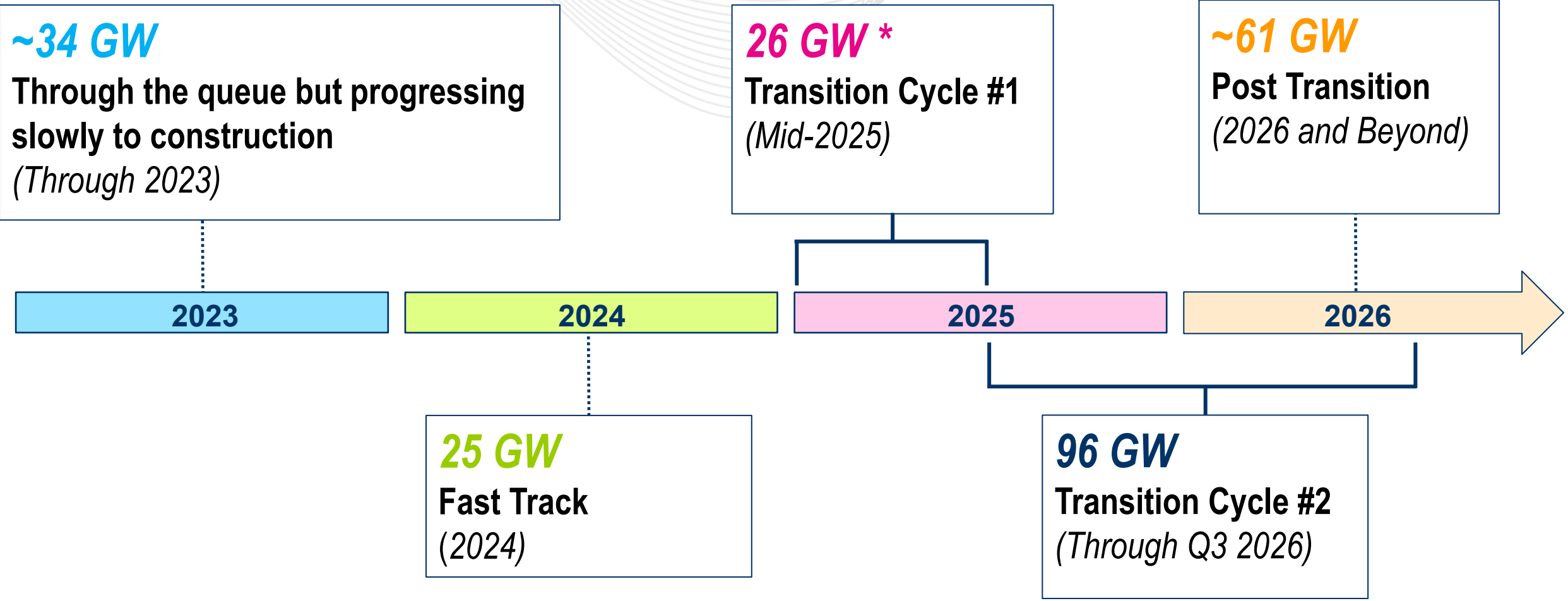


June 14, 2022

Interconnection process reform package filed with FERC.



Queue Breakdown and Timeline



* TC1 was 46 GW prior to Decision Point 1.

CIR Transfer

Target: Resources using interconnection service from a deactivating generator.

Potential Outcome: Tariff modifications to provide for new processing of CIRs.

Reliability Resource Initiative

Target: Resources not currently in the interconnection queue

Potential Outcome: One-time expansion of the eligibility criteria for Transition Cycle #2 beyond active requests received prior to September 2021

Surplus Interconnection Service

Target: Operating generators that are not able to operate continually 24/7/365

Potential Outcome: Potential Tariff modifications to provide for new processing of Surplus Interconnection Service.

Unique Circumstances and One-Time Process

The transition clusters are limited to only projects that were already in the queue during the reform discussions. Once the transition is over, new projects will have an open application window to submit projects on a regular basis for study and processing.

Minimize Impact to TC2

Allowing additional projects that meet specific criteria to the TC2 queue minimizes delays and impacts on PJM versus a separate parallel process that risks delays to the existing schedule.

Quick Action

There is a limited window of opportunity to make an impact within the existing transition. PJM Board & FERC approval will be requested on accelerated timeline with a time-bound stakeholder engagement period.

Expand eligibility criteria to address resource reliability for projects that can be evaluated in Transition Cycle #2 (TC2).

Today, TC2 is only open for projects that already have an active queue position in **the AG2 and AH1 queues** (applied between October 2020 and September 2021).

PJM's proposal will include **an application window and specific criteria for projects to determine eligibility and limits on the number of entrants.**

- Projects do not need to currently be in PJM Cycle #1 and can be submitted prior to the RRI application window.



Firm Eligibility Option

Preliminary 2028/2029 BRA ELCC Class Rating at or above 45%

- Allows for OSW and all storage classes
- Project will be required to maintain the project ELCC value through to commercialization.
 - Maintain both size and fuel types
- Projects covered by an SAA are not eligible.

Project target in-service date is required to be in June 1, 2029, with corresponding GIA milestones.

GIA milestone for RPM participation with 100% of CIRs

Limit to 100 projects

If more than 100 projects apply, PJM to sort projects based upon highest UCAP megawatt amount.

| | | 2028/2029 Preliminary ELCC Class Rating |
|------------|----------------------------------|---|
| ELCC Class | | |
| Included | Landfill Intermittent | 56% |
| | 4-hr Storage | 51% |
| | 6-hr Storage | 61% |
| | 8-hr Storage | 64% |
| | 10-hr Storage | 72% |
| | Nuclear | 96% |
| | Coal | 85% |
| | Gas Combined Cycle | 83% |
| | Gas Combustion Turbine | 68% |
| | Gas Combustion Turbine Dual Fuel | 80% |
| | Offshore Wind | 47% |
| | Diesel Utility | 92% |
| | Steam | 75% |
| Excluded | Onshore Wind | 28% |
| | Fixed-Tilt Solar | 5% |
| | Tracking Solar | 7% |
| | Hydro Intermittent | 37% |

- Formula developed to determine relative “value” for each project.

Incorporate and determine weights for factors such as, but not limited to:

| | | | | |
|-------------|--------------------------|----------------------|-------------|----------------|
| ELCC | Uprate/Greenfield | Delivery Year | Size | Permits |
|-------------|--------------------------|----------------------|-------------|----------------|

- Rank and then choose top 100 projects based on resultant score.

Eligibility Criteria

- Tariff, Part VII, Subpart C, section 305
“Introduction, Overview and Eligibility”
- Adds additional eligibility to TC2 only

Application Procedure

- Tariff, Part VII, Subpart C, section 306
“Application Rules”
- Allows for separate application process
from status quo TC2 projects



*Notice will also be provided at a TOA-AC meeting.

Facilitator:

Becky Carroll

Rebecca.Carroll@pjm.com

Secretary:

Ashwini Bhat

Ashwini.Bhat@pjm.com

SME:

Donnie Bielak Donnie.Bielak@pjm.com

Reliability Resource Initiative



Member Hotline

(610) 666-8980

(866) 400-8980

custsvc@pjm.com