FERC Order Rejecting ELCC Proposal and June 1 PJM Filing of Revised ELCC Proposal

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Takeaway of FERC Order Rejecting ELCC

- On April 30, FERC found that PJM's proposed ELCC transition mechanism was unjust and unreasonable, and FERC therefore rejected PJM's entire March 1 ELCC proposal.
- This triggered the reopening of a paper hearing under Section 206 that had been held in abeyance during the development of the ELCC proposal.
- FERC also gave PJM the option to file a revised ELCC proposal under Section 205, and thereby continue to hold the paper hearing in abeyance. In order to satisfy this option, PJM would need to file its intent by no later than May 14, and would need to make the new Section 205 filing by no later than June 1.

FERC in April 30 Order*: "While we reject the ELCC proposal because we find the proposed transition mechanism to be unjust and unreasonable and unduly discriminatory, we note that PJM's ELCC framework, without the transition mechanism, appears to be a just and reasonable approach to determining the accredited capacity value of Variable Resources, Limited Duration Resources, and Combination Resources." (P 17)…*

"PJM is under no obligation to implement a revised method for determining the capacity capability of Capacity Storage Resources, or any other resource type, prior to the next BRA. However, as discussed above, we have specified an expedient paper hearing schedule to investigate the justness and reasonableness of PJM's existing capacity valuation methods as soon as possible." (P 123)

Procedural Timeline for Developing Revised ELCC Proposal

After due consideration and consultation with members, PJM is planning to meet FERC's requirements to hold the paper hearing in abeyance.

- May 14: PJM files with FERC intent to submit revised ELCC proposal
- May 14: CCSTF meeting to consult with stakeholders on ELCC solutions
- May 14 – 26: Develop revised ELCC proposal
- May 26: Informational update at MRC
- June 1: PJM files revised ELCC proposal with FERC

ELCC Classes → RAA

- The Commission found that PJM's proposed formulaic ELCC methodology "appears to largely strike the appropriate balance" between providing sufficient detail in its Tariff vs manuals. (P 66)
  - One exception:

"[T]he Commission's rule of reason policy would likely require PJM to include the definitions of the ELCC Classes in the RAA. In contrast to modeling assumptions such as weather patterns, load shapes and resource output profiles that PJM should have the flexibility to adjust in consultation with stakeholders, we find that the ELCC Classes should be specified in the RAA." (P 66)

Conditions for Posting an ELCC Class Rating for a Potential Class

- ELCC Class Ratings will not be calculated for classes listed below if no units of the class are expected to offer or provide Capacity in the applicable Delivery Year.
- ELCC Class Ratings for a class will be posted when:
  - An Existing Generation Capacity Resource is in such class
  - A Planned Generation Capacity Resource has submitted timely and valid data through the ELCC data submission process and is in such class
  - The PJM resource mix forecast contains a resource in such class

List of Potential ELCC Classes in M21A Draft

1. Tracking solar
2. Fixed-tilt solar
3. Onshore wind
4. Offshore wind
5. Landfill gas units that cannot run consistently at ICAP levels for 24 or more hours
6. Intermittent run-of-river hydropower
7. Hydropower With Non-Pumped Storage
8. Energy Storage Resources of 4-hour, 6-hour, 8-hour, and 10-hour duration. Such classes include pumped storage hydropower.
9. Generic limited duration resources of 4-hour, 6-hour, 8-hour, and 10-hour duration, or longer duration as required to secure a 100% ELCC Rating
10. Open-loop hybrids that are combinations of one of the above generation types plus an Energy Storage Resource of 4-hour, 6-hour, 8-hour, or 10-hour duration. An “open-loop hybrid” is physically and contractually capable of charging from the grid.
11. Closed-loop hybrids that are combinations of one of the above generation types plus an Energy Storage Resource of 4-hour, 6-hour, 8-hour, or 10-hour duration. A “closed-loop hybrid” is not physically and contractually capable of charging from the grid.
12. An “open-loop hybrid” is physically and contractually capable of charging from the grid.
13. Hybrids that are combinations of one of the above generation types plus generic limited duration resource of 4-hour, 6-hour, 8-hour, or 10-hour duration

Draft List of Classes Currently Slated for ELCC Class Ratings (Potentially Subject to Change)

1. Tracking solar
2. Fixed-tilt solar
3. Onshore wind
4. Offshore wind
5. Landfill gas units that cannot run consistently at ICAP levels for 24 or more hours
6. Intermittent run-of-river hydropower
7. Hydropower With Non-Pumped Storage (unit-specific ELCC approach)
8. Energy Storage Resources of 4-hour, 6-hour, 8-hour, and 10-hour duration. Such classes include pumped storage hydropower.
9. Open-loop tracking solar + 4hr storage hybrids. An “open-loop hybrid” is physically and contractually capable of charging from the grid.
10. Closed-loop tracking solar + 4hr storage hybrids. A “closed-loop hybrid” is not physically and contractually capable of charging from the grid.

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