

Facility Service Agreement (FSA) Modeling – Package A

PJM currently includes queued generation resources with an executed Facility Service Agreement (FSA) or a suspended/interim Interconnection Service Agreement (ISA) in the base case for Market Efficiency Analysis. These units are available for dispatch in the simulations. Given that many of the projects with an executed FSA or a suspended ISA may not ultimately interconnect with the system, including them in Market Efficiency Base Case can result in unrealistic estimates of specific project benefits due to having significantly more generation than the reserve requirement or unlikely to be constructed generation available in the Market Efficiency simulations. Currently, PJM is able to exclude resources with an executed FSA or suspended ISA from its Market Efficiency Base Case upon reviewing these assumptions with the TEAC on an as needed basis.

With recent trends in generation construction and load growth, generating units with an executed ISA are currently sufficient to serve the load and fulfill reserve requirements within the PJM footprint for the Market Efficiency Analysis study years. Therefore, Package A for Facility Service Agreement (FSA) Modeling suggests that by default, all generation resources with an executed FSA or a suspended ISA be excluded from Market Efficiency Base Case at the time of case build. Excluding these resources will also make the Market Efficiency Base Case more consistent with the base case being used for Reliability Analysis. If additional generation is needed to fulfill the PJM reserve requirement, Package A recommends that PJM rank the FSA and suspended ISA resources based on commercial probability, and include the resources with the highest rankings in the base case, until the reserve requirement is met. In this process, units with a completed Facility Study Agreement will have priority over the units with a Facility Study Agreement in progress. In the case of including FSA or suspended ISA resources in the base case, TEAC will be notified and the assumptions will be reviewed at TEAC.

Key Elements:

FSA Modeling: By default, all the generation resources with an FSA or a suspended ISA, and their associated network upgrades are excluded from the Market Efficiency Base Case.

FSA Exception: If any resources with an FSA or a suspended ISA are included in the Base Case at time of case build, TEAC will be notified and the assumptions will be reviewed at TEAC on an as needed basis.

Criteria to Include FSAs: In case of a generation shortage, resources with an FSA or a suspended ISA will be ranked by commercial probability, and PJM will include the resources with the highest rankings, as well as the associated network upgrades, in the Market Efficiency Base Case, until the requirements are met. In this process, units with a completed Facility Study Agreement will have priority over the units with a Facility Study Agreement in progress.