

Capacity Transfer Rights For Entities with Firm Transmission Rights to Serve Network Load in a Constrained Locational Deliverability Area

Includes Problem/Opportunity Statement

PJM's current Reliability Pricing Model ("RPM") modeling practices direct all external Firm Point-to-Point transmission resources to the Rest of RTO, even when historic, external Firm Point-to-Point transmission sinks at the constrained zone. PJM uses this transfer capability in the Capacity Emergency Transfer Objective/Capacity Emergency Transfer Limit ("CETO/CETL") calculation without allocating the benefits of such transfer capability to the transmission holder into the constrained Zone/Locational Delivery Area ("LDA"). The current modeling practices do not have a mechanism/procedure established to allocate the benefits of historically committed transfer capability into a constrained Zone/LDA from such external Point-to-Point transmission. The lack of such mechanism for long term resources committed to serve PJM Network Load in the constrained Zone/LDA can have significant consequences, including the imposition on the holder of such historic transmission rights of an internal resource requirement (called "Percentage Internal Resources Required") under the Fixed Resource Requirement ("FRR") Alternative, if such holder is an FRR Entity, even when such resources were committed to serve the PJM Network Load in the Zone since the initial Delivery Year that RPM was implemented and prior to the Zone becoming constrained. The external transfer capability provides significant long term reliability benefits to the constrained LDA and PJM.

Issue Source

As PJM modeled ComEd as a constrained LDA with a separate VRR curve, a PJM member with load in ComEd was subjected to the Percentage Internal Resources Requirement. The PJM member requested a waiver for the Percentage Internal Resources Required at FERC, as it was unable to meet this requirement from its historic resources. FERC granted a one-year waiver and encouraged the member and PJM to work on a resolution. PJM staff started working with the member on a potential solution and the matter is being brought into the stakeholder process.

Stakeholder Group Assignment

It is anticipated that this issue would be assigned to the Market Implementation Committee.

Key Work Activities

1. Provide education on the reasons for treating historic, firm point-to-point transmission service as sinking to the Rest of RTO rather than to the actual receiving zone for RPM purposes.
2. Provide education on the Percentage Internal Resources Required requirement and Capacity Transfer Rights.
3. Develop any appropriate solution that would address the issues, design a mechanism to give proper credit for the benefits of external transfer capability into specific constrained Zones/LDAs, and eliminate the need for future FERC waivers.

Expected Deliverables

Manual Changes (Manual 18), RAA and potential Tariff changes.

Expected Overall Duration of Work

The Overall work should be anticipated to be complete by June 2015. FERC filing July 2015 with anticipated approval before October 2015.

Decision-Making Method

Tier 1, consensus on a single proposal.

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