

Deactivation Study Duration Proposed Change Education & Tariff Language

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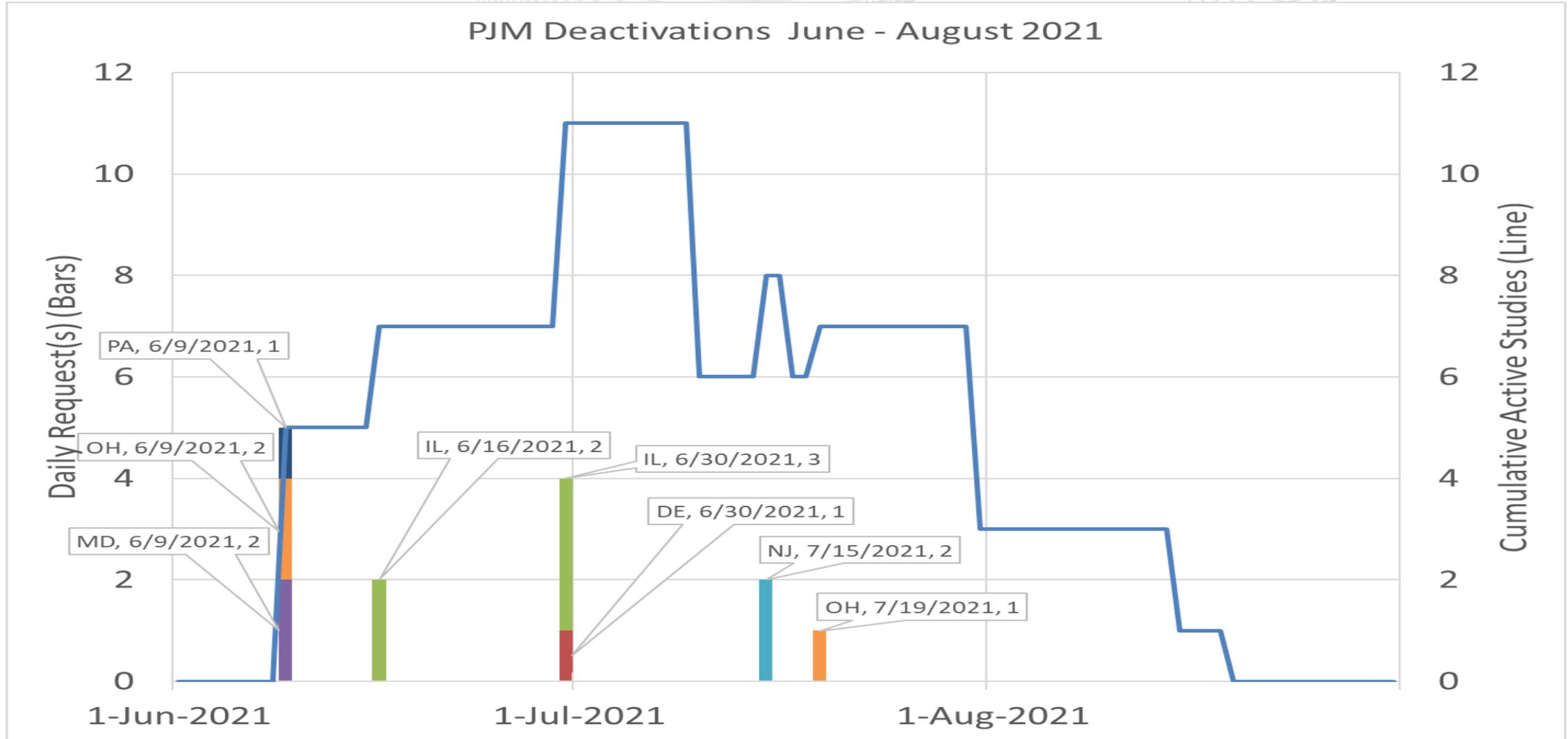
PJM Interconnection

Markets & Reliability Committee

April 27, 2022

Issue: Current Tariff deactivation process is inefficient and unsustainable

- Tariff does not provide additional time for multiple requests:
 - Each response due 30 days after notification;
 - Simultaneously in one notification; or
 - Close in date to each other.
- Accurate costs / mitigation are nearly impossible in the 30 day timeline:
 - May have multiple solutions;
 - Not looking at other seasons and years;
 - Inadequate time for proper estimating; and
 - Must assume which will be least cost.
- Resources are forced to be redirected upon a deactivation notification:
 - Regardless of other priority work; and
 - Provides no ability to plan resources;



Proposed Deactivation Process Changes

- PJM will study four times per year (quarterly) for all notices received prior to the study commencement date:
 - PJM study period commencements: January 1, April 1, July 1, and October 1.
 - PJM studies as a batch (holistic);
 - Reliability Notifications will be made by end of February, May, August, and September respectively.
 - PJM and TOs have the study period to build cases, run analyses, identify upgrades, review schedule, look for operational measures.
- Accordingly, to request a deactivation a Generation Owner, or designated agent, must submit notice:
 - (a) Between January 1 and March 31 to deactivate July 1 or later;
 - (b) Between April 1 and June 30 to deactivate October 1 or later;
 - (c) Between July 1 and September 30 to deactivate January 1 of the subsequent year or later; or
 - (d) Between October 1 and December 31 to deactivate April 1 of the subsequent year or later.

113.1 Generation Owner Notice:

When a Generation Owner desires to deactivate a generating unit located in the PJM Region, such Generation Owner, or its Designated Agent, must provide notice of such proposed Deactivation in writing to the Transmission Provider ~~no later than 90 days prior to the proposed Deactivation Date for the generating unit.~~ This notice shall include an indication of whether the generating unit is being retired or mothballed, the desired Deactivation Date, and, if mothballing, a good faith estimate of the ~~amount of any project investment and the~~ time period the generating unit would be out of service ~~for repairs, if any, that would be required to keep the unit in, or return the unit to, operation.~~ The desired Deactivation Date may be no earlier than the following: (a) July 1 of the current calendar year, if the Transmission Provider receives the notice between January 1 and March 31; (b) October 1 of the current calendar year, if the Transmission Provider receives the notice between April 1 and June 30; (c) January 1 of the following calendar year, if the Transmission Provider receives the notice between July 1 and September 30; or (d) April 1 of the following calendar year, if the Transmission Provider receives the notice between October 1 and December 31. ~~PJM-The~~ Transmission Provider shall promptly provide a copy of such notice to the Market Monitoring Unit. The desired Deactivation Date may be earlier than the above-referenced dates if the Generation Owner, or its Designated Agent, (i) receives notice from a state or federal regulatory entity that requires or compels the Generation Owner, as a matter of law, to deactivate its generating unit by a date earlier than the dates permitted by this Tariff, Part V, section 113.1 and (ii) receives such notice on a date that renders compliance with this provision infeasible.

113.2 Notice of Reliability Impact:

~~Within 30 days of the receipt of the Generation Owner's notice pursuant to section 113.1 of this Tariff, t~~The Transmission Provider shall inform the Generation Owner, or its Designated Agent, whether the Deactivation of the generating unit would adversely affect the reliability of the Transmission System ("Notice of Reliability Impact") by the following date: (a) May 31 of the current calendar year, if the Transmission Provider received the notice required pursuant to Tariff, Part V, section 113.1 between January 1 and March 31; (b) August 31 of the current calendar year, if the Transmission Provider received the notice required pursuant to Tariff, Part V, section 113.1 between April 1 and June 30; (c) November 30 of the current calendar year, if the Transmission Provider received the notice required pursuant to Tariff, Part V, section 113.1 between July 1 and September 30; or (d) February 28 of the following calendar year, if the Transmission Provider received the notice required pursuant to Tariff, Part V, section 113.1 between October 1 and December 31. In the event there are no reliability issues associated with the proposed Deactivation of the generating unit, ~~Transmission Provider~~the Notice of Reliability Impact shall so notify the Generation Owner, or its Designated Agent, and the Generation Owner or its Designated Agent may deactivate its generating unit at any time thereafter. The Generation Owner shall coordinate with the appropriate Transmission Owner and the Transmission Provider regarding the removal of any transmission equipment located at the generating unit proposed for Deactivation. In the event the Transmission Provider determines that, in accordance with established reliability criteria, the Deactivation of the Generation Owner's generating unit would adversely affect the reliability of the Transmission System absent upgrades to the Transmission System, ~~#the~~the Notice of Reliability Impact shall notify the Generation Owner, or its Designated Agent, of the reliability concerns. Such ~~#~~Notice of Reliability Impact shall (1) identify the specific reliability impact resulting from

the proposed Deactivation of the generating unit; and (2) provide an initial estimate of the period of time it will take to complete the Transmission System reliability upgrades necessary to alleviate the reliability impact. Regardless of whether the Deactivation of the generating unit would adversely affect the reliability of the Transmission System, the Generation Owner or its Designated Agent may deactivate its generating unit, subject to the notice requirements in Tariff, Part V, section 113.1 ~~of this Tariff~~. Within 360 days of the Generation Owner's or its Designated Agent's receipt of the ~~the~~ Notice of Reliability Impact identifying reliability concerns pursuant to this Tariff, Part V, section 113.24 ~~of this Tariff~~, the Generation Owner or its Designated Agent shall inform Transmission Provider whether the generating unit proposed for Deactivation will continue operating beyond its desired Deactivation Date during the period of construction of the Transmission System reliability upgrades necessary to alleviate the reliability impact resulting from the Deactivation of the generating unit, and if the generating unit will continue operating, provide the Transmission Provider with an ~~updated~~ estimate of the amount of any project investment and the time period the generating unit would be out of service for repairs, if any, that would be required to keep the unit in, or return the unit to, operation. For generating units that

would be required to keep the unit in, or return the unit to, operation. For generating units that will continue operating beyond their desired Deactivation Dates, the Transmission Provider shall (a) within 475 days of ~~the Generation Owner's or its Designated Agent's notice~~ Transmission Provider issuing the Notice of Reliability Impact pursuant to this Tariff, Part V, section 113.42 of this Tariff, provide an updated estimate of the period of time it will take to complete the Transmission System upgrades necessary to alleviate the reliability impact; and (b) within 690 days of ~~the Transmission Provider issuing the Notice of Reliability Impact Generation Owner's or its Designated Agent's notice~~ pursuant to this Tariff, Part V, section 113.42 of this Tariff, post on its internet site full details of the transmission upgrades necessary to alleviate the reliability impact that would result from the Deactivation of the generating unit. Upon receipt of notification from the Transmission Provider that Deactivation of the generating unit would cause reliability concerns, the Generation Owner shall immediately be entitled to file with the Commission a cost of service rate to recover the entire cost of operating the generating unit until such time as the generating unit is deactivated pursuant to this Part V ("Cost of Service Recovery Rate"). In the alternative, the Generation Owner may elect to receive the Deactivation Avoidable Cost Credit provided under this Part V.

113.4 Notice for Generation Units Providing Reactive Supply and Voltage Control:

In addition to the notice requirements in this Tariff, ~~Part V of the Tariff~~, when a Generation Owner desires to deactivate a generating unit that provides reactive supply and voltage control service under Tariff, ~~Schedule 2 of the Tariff~~, such Generation Owner, or its Designated Agent, must satisfy the notice and filing requirements in Tariff, ~~Schedule 2 of the Tariff~~.

IV. DEACTIVATION RATES

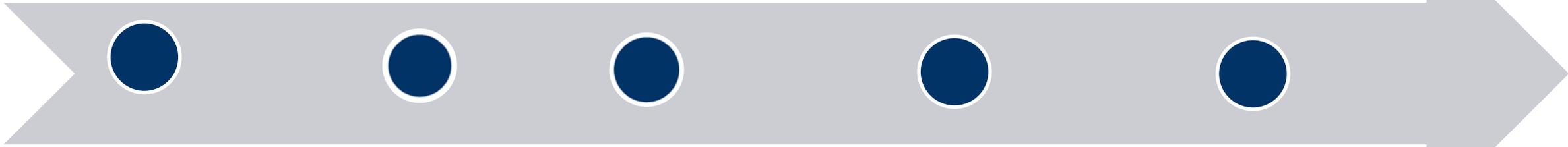
1. Upon receipt of a notice to deactivate a generating unit under Tariff, Part V from the Office of the Interconnection forwarded pursuant to Tariff, Part V, section 113.1, the Market Monitoring Unit shall analyze the effects of the proposed deactivation with regard to potential market power issues and shall notify the Office of the Interconnection and the generator owner (or, if applicable, its designated agent) ~~within 30 days of the deactivation request~~ if a market power issue has been identified. The Market Monitoring Unit shall provide such notice by the following date: (a) May 31 of the current calendar year, if the Transmission Provider received the notice required pursuant to Tariff, Part V, section 113.1 between January 1 and March 31; (b) August 31 of the current calendar year, if the Transmission Provider received the notice required pursuant to Tariff, Part V, section 113.1 between April 1 and June 30; (c) November 30 of the current calendar year, if the Transmission Provider received the notice required pursuant to Tariff, Part V, section 113.1 between July 1 and September 30; or (d) February 28 of the following calendar year, if the Transmission Provider received the notice required pursuant to Tariff, Part V, section 113.1 between October 1 and December 31. Such notice shall include the specific market power impact resulting from the proposed deactivation of the generating unit, as well as an initial assessment of any steps that could be taken to mitigate the market power impact.

Review and Approval Timeline

PC 2nd First
Read – Issue
Charge/Proposed
Solution
2/8/2022

MRC First Read
– Tariff Language
3/23/2022

MC Endorsement –
Tariff Language
5/17/2022



PC Endorsement –
Issue
Charge/Proposed
Solution
3/8/2022

MRC
Endorsement –
Tariff Language
4/27/2022

Conforming Manual 14D language will proceed through the Operating Committee and SOS

Presenter: Dave Egan
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Deactivation Study Duration Proposed Change Education & Tariff Changes



Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com

**PROTECT THE
POWER GRID
THINK BEFORE
YOU CLICK!**



Be alert to
malicious
phishing emails.

Report suspicious email activity to PJM.
(610) 666-2244 / it_ops_ctr_shift@pjm.com



Requirement	MISO	NYISO	PJM Current	PJM Proposed
Minimum Advanced Notice*	26 Weeks	1 Year	90 days	6 months - 32 days
Initial Review	75 Days	N/A	N/A	N/A
Study Results	26 Weeks	Subsequent Quarter	30 Days	Subsequent Quarter

* The foregoing advanced notice constitute the minimum notice period. A longer notice period is permitted.

Capacity Interconnection Rights (CIRS)

- Existing Tariff language regarding preservation and relinquishment of Capacity Interconnection Rights upon Deactivation, identified in Tariff section 230.3.3, remain unchanged by this proposal.

RPM Seller Must-Offer Exception Process

- The requirement tied to the deactivation process for both the normal and “revised” BRA schedules is for requestor to have submitted a deactivation notification to PJM prior to the exception “final request” date.
 - These changes do not modify when a Generation Owner can submit a deactivation notice.
 - The earliest BRA that these changes would be in place for would be the 24/25 BRA proposed for December 2022:

24/25 RPM Must-Offer Exception Milestones	Existing	Proposed
Final Exception Request Date (assume 12/7/22 BRA)	7/25/2022	7/25/2022
Advanced Notice	135 days	135 days
Days prior to commitment period (6/1/2024)	677 days	677 days

- There is no link between the exception final request and PJM Planning completing the deactivation analyses or providing results.