

Co-located Load Alternate Proposal

PJM MIC
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Agenda

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AEMA Mission

Advanced Energy Management Alliance (AEMA) advocates for policies that empower and compensate customers appropriately--to contribute energy or energy-related services or to manage their energy usage--in a manner which contributes to a more efficient, cost-effective, resilient, reliable, and environmentally sustainable grid.

Our members are providers and supporters of distributed energy resources (DERs), including demand response (DR) and advanced energy management, united to overcome barriers to nationwide use of demand-side resources.

AEMA Members

Aypa Power

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Disclaimer - This proposal is not necessarily supported by the entire AEMA membership

Proposal Basis

The Alternate Proposal is based on FERC jurisdiction over wholesale energy.

PJM's Proposal is based on facility ownership.

The Alternate Proposal

Treat a Co-located Load request as a request for a wholesale load interconnection.

Such treatment would result in:

- Generator facilities would be considered FERC jurisdictional for the purpose of delivery of wholesale energy to the load interconnection.
- Co-located Load would be treated as Load receiving wholesale energy via Firm Point to Point Transmission.

The Alternate Proposal

- Generation Capacity – generators would retain all of their capacity rights. All energy would be considered to be delivered to the grid.
- Transmission Customers (host generators) would provide and pay for Firm Point to Point Transmission.
- Co-located load would be served by the grid.
- FERC's transmission and wholesale energy authority would be clearly maintained.

The Alternate Proposal

Energy – what happens?

- The generator will be credited with injecting its full output at LMP
- The Transmission Customer (host generator) will be charged LMP for wholesale energy delivered.

Rules would need to clarify that the Transmission Service (Co-located Load) must be curtailed during capacity and transmission events.

Jurisdiction Discussion

The underlying principle of the Alternate Proposal is FERC's jurisdiction over *wholesale energy*.

- Generators with Generation Interconnections deliver wholesale energy to the network. Wholesale Energy is FERC jurisdictional.
- Wholesale energy must be delivered by FERC jurisdictional facilities to wholesale transmission interconnections.

Generator Capacity Resources are Network Resources that are obligated to deliver their energy to the Network as wholesale energy.

Jurisdiction Discussion

FERC Jurisdictional facilities need not be Transmission.

- Facilities behind a generator point of interconnection can be FERC jurisdictional for the purpose of delivering wholesale energy.
- Generators and the energy they produce are considered FERC jurisdictional.

Current Precedent:

- Wholesale generators connected behind load interconnections (i.e., connected to distribution systems) deliver wholesale energy over non-transmission facilities.
- Similarly, load connected behind generator interconnections (Co-located Load) can receive wholesale energy over non-transmission facilities

Bonus Outcomes

The Alternate proposal addresses two lingering jurisdictional issues present in the PJM Proposal.

- Co-located Load requires a load meter for settlement purposes. PJM's Status Quo would necessarily treat this as a *retail meter*. But PJM does not have the authority to require a retail meter. The Alternate Proposal would designate the meter as wholesale.
- Under the PJM Proposal, if an RERRA exercises retail jurisdiction, then the load can be deemed to receive wholesale energy, improperly relying on the RERRA, rather than FERC, to determine if the energy is wholesale or not. The Alternate Proposal would always designate the energy as wholesale.

Bonus Outcomes

- The Alternate proposal would not require changes to generator cost-based offer mechanisms. PJM would not need to incorporate Co-located Load supply costs into cost-based offers.
- The Alternate Proposal eliminates the need for differing treatment for “load taking service from the system” since all Co-located load receives wholesale energy.
- The Alternate Proposal eliminates the paradox and redundancy of designating the generation serving co-located load as Behind the *generator* Meter Generation.
- PJM’s Status Quo allows a BTM netting arrangement for energy delivery. However, the Manuals limit netting to loads that have Network Integration Service with PJM. (M14D Appendix A).

Summary

- The Alternate Proposal:
 - It is simple and straightforward
 - It is consistent with jurisdictional constructs
 - Is consistent with Status quo tariff



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Questions?

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Appendix

- "Network Resource" shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. (*OATT Definition*)

Appendix

- Generation Capacity Resources must be deliverable, consistent with a loss of load expectation as specified by the Reliability Principles and Standards, to the total system load, including portion(s) of the system in the PJM Region that may have a capacity deficiency at any time. Deliverability shall be demonstrated by obtaining or providing for Network Transmission Service within the PJM Region such that each Generation Capacity Resource is a Network Resource. In addition, for Generation Capacity Resources located outside the metered boundaries of the PJM Region that are used to meet an Unforced Capacity Obligation, the capacity and energy of such Generation Capacity Resources must comply with the deliverability requirements of PJM Tariff, Attachment DD, section 5.5A, and the receipt of such capacity and energy at the PJM Region interface for delivery to loads in the PJM Region shall be subject to all applicable Capacity Import Limits. (*RAA Sch. 10*)