

PJM Compliance Bulletin

MOD-004-1- Capacity Benefit Margin

General

In advance of the April 1, 2011 mandatory implementation date of MOD-004-1, PJM has issued this compliance bulletin in order to clarify actions required of Load Serving Entities, (LSE) to provide information to PJM. This document has been provided at the request of the PJM Reliability & Standards & Compliance Subcommittee (RSCS), and is for informational purposes only; no action is required.

PJM fulfills the obligations of the current standard as well as other standards that will be impacted by the revision. PJM will meet the obligations of the revised standard without any additional information required from, or action by, the PJM members when the revised standard takes effect.

Background

As the Resource Planner, Reliability Coordinator, Balancing Authority, Transmission Operator, and Transmission Service Provider, PJM currently fulfills the requirements in MOD-004-0, MOD-005-0, MOD-006-0, and MOD-007-0. PJM will continue to fulfill the obligations on behalf of the PJM members when MOD-004-1 becomes mandatory on April 1, 2011.

The following standards will be retired upon MOD-004-1 becoming mandatory:

- MOD-005-0- Procedure for Verifying CBM Values
- MOD-006-0- Procedures for the Use of Capacity Benefit Margin Values
- MOD-007-0- Documentation of the Use of Capacity Benefit Margin

At the July 15, 2010 RSCS meeting, the committee discussed several requirements of the revised MOD -004-1 standard that contain language referring to an LSE. Specifically;

R3. Each Load-Serving Entity determining the need for Transmission capacity to be set aside as CBM for imports into a Balancing Authority Area shall determine that need by:

R3.1. Using one or more of the following to determine the GCIR:

- Loss of Load Expectation (LOLE) studies
- Loss of Load Probability (LOLP) studies

- Deterministic risk-analysis studies
- Reserve margin or resource adequacy requirements established by other entities, such as municipalities, state commissions, regional transmission organizations, independent system operators, Regional Reliability Organizations, or regional entities

R4. Each Resource Planner determining the need for Transmission capacity to be set aside as CBM for imports into a Balancing Authority Area shall determine that need by:

R4.1. Using one or more of the following to determine the GCIR:

- Loss of Load Expectation (LOLE) studies
- Loss of Load Probability (LOLP) studies
- Deterministic risk-analysis studies
Reserve margin or resource adequacy requirements established by other entities, such as municipalities, state commissions, regional transmission organizations, independent system operators, Regional Reliability Organizations, or regional entities

R10. The Load-Serving Entity or Balancing Authority shall request to import energy over firm Transfer Capability set aside as CBM only when experiencing a declared NERC Energy Emergency Alert (EEA) 2 or higher.

The determination of the Transmission capacity set aside as CBM for imports into the PJM Balancing Authority Area is done under the auspices of the FERC approved Reliability Assurance Agreement (RAA) as specified in R4, not the individual LSE's.

A declared NERC Energy Emergency Alert (EEA) 2 or higher is declared by PJM as the RC and implemented by PJM in its other role as the BA, not the individual LSE's.

Conclusion

This document is being issued in order to clarify that no new information, data or actions will be required of LSEs within PJM's footprint, by PJM in order to comply with the recently approved MOD-004-1.

Document Retention

All evidence of compliance shall be retained in accordance with the document retention requirement as stated in the applicable NERC or Regional Reliability Standard. If there is no specific data retention requirement, the data will be retained for four years.

Development History

Revision: 1	Date: 01/11/2011
Author:	Bill Harm, Senior Consultant NERC and Regional Coordination
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Revision: 0	Date: 09/07/2010
Author:	Bill Harm, Senior Consultant NERC and Regional Coordination
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