



RPM Items

Markets Implementation Committee
April 13, 2010

1. Clarification of Must Offer Requirement
2. EFORd used for evaluating initial FRR Capacity Plan
3. Use of available capacity (i.e. uncommitted capacity) to help cure shortfall for peak hour period availability
4. Refine definition of Energy Efficiency Resource to specify installation at End-Use Customer retail site

Clarification of Must Offer Requirement

- PJM opinion that Section 6.6 of Tariff is unclear as to must-offer requirement for:
 - Incremental Auctions
 - capacity updates of existing resources (i.e CAP MOD increases)
 - Planned resources that bid into prior auction

Clarification of Must Offer Requirement

- PJM recommends following clarifications:
 - Must offer requirement for all generation existing at time of opening of a BRA or IA
 - Define existing generation for purpose of must-offer requirement:
 - Commercial and operating with Interconnection Service (and associated Capacity Injection Rights) that has already commenced
 - Applies to new units and uprates of existing units
 - New unit or unit uprate without Interconnection Service but that has bid into and cleared a prior RPM auction

Evaluation EFORd for FRR Capacity Plans

- Initial FRR Capacity Plan submitted one month prior to BRA
- Resources committed to initial FRR Capacity Plan evaluated using effective 1-year EFORd
- Issue: Resource with long-term outage in previous year is evaluated using EFORd much higher than expected future performance unnecessarily forcing additional resources to be committed to FRR plan

Evaluation EFORd for FRR Capacity Plans

- PJM recommends following changes to evaluation of initial FRR Capacity Plan :
 - Allow FRR entity to select lower of 1-year or 5-year average EFORd
 - Somewhat akin to RPM resources ability to select offer EFORd between 0 and higher of 1-year and 5-year EFORd
 - For resources with an effective EFORd of 25% or higher, allow for option to exclude most recent year from calculation of 5-year average EFORd only for purposes of evaluating initial FRR Plan
- Final Capacity Plan submitted prior to Delivery Year is always evaluated using the effective EFORd (No Change)

Available Capacity and Peak Hour Period Availability

- FERC's 3/26/09 Order approved a provision allowing available capacity (i.e. uncommitted capacity) to offset Peak Hour Period Availability shortfalls (effective with 2009/2010 Delivery Year)
- Relevant existing language contained in Section 10(g) of OATT:

For each Delivery Year, the excess or shortfall in Peak-Hour Period availability for each Generation Capacity Resource shall be determined by comparing such resource's expected and actual PCAP, subject to the limitation under subsection (i) below. The net Peak-Hour Period availability shortfall or excess for each Capacity Market Seller and FRR Entity in each Locational Deliverability Area shall be the net of the shortfalls and excesses of all Generation Capacity Resources in such Locational Deliverability Area (1) committed by such Capacity Market Seller or Locational UCAP Seller for such Delivery Year or (2) owned or controlled by such Capacity Market Seller, available for the period considered for netting purposes but not committed for such period, and satisfying all obligations of a committed Capacity Resource for such period.

Available Capacity and Peak Hour Period Availability

- Issue: PJM opinion that existing language does not accurately reflect the intent of the provision which is to allow available capacity to help offset a party's PHPA shortfall of committed capacity but not to contribute to a greater PHPA shortfall or greater PHPA excess of a party's committed capacity
- PJM recommends revising language to reflect that:
 - Net PHPA excess of a party's available capacity may be used to offset a net PHPA shortfall of the party's committed capacity but only to the maximum extent of setting the committed capacity shortfall to zero
 - Net PHPA shortfall of a party's available capacity may not cause a net PHPA shortfall of the party's committed capacity to increase or a net PHPA excess of the party's committed capacity to decrease

Refine Energy Efficiency Resource Definition

- PJM opinion that a project qualifying as an Energy Efficiency Resource is one installed at the end-use customer site and does not include installation of more efficient equipment on the transmission or distribution system
- PJM recommends revising definition of Energy Efficiency Resources in Section M of Attachment DD-1 of OATT:

An Energy Efficiency Resource is a project, including installation of more efficient devices or equipment or implementation of more efficient processes or systems, exceeding then-current building codes, appliance standards, or other relevant standards, designed to achieve a continuous (during peak periods as described herein) reduction in electric energy consumption **at the End-Use Customer's retail site** that is not reflected in the peak load forecast prepared for the Delivery Year for which the Energy Efficiency Resource is proposed, and that is fully implemented at all times during such Delivery Year, without any requirement of notice, dispatch, or operator intervention.