



**PJM Quality Project –  
Proposed Amendment to the PJM Tariff and Manual 14E  
Merchant Transmission Facilities: Proposed Operational Testing Procedures**

PC Committee  
December 15, 2011

## Section 232.7 Loss of Transmission Injection Rights and Transmission Withdrawal Rights:

- **232.7.1 Operational Standards:**

- *To retain Transmission Injection Rights and Transmission Withdrawal Rights, the associated Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities must operate or be capable of operating at the capacity level associated with the rights. **Operational capability shall be established consistent with applicable criteria stated in the PJM Manuals.** Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that meet these operational standards shall retain their Transmission Injection Rights and Transmission Withdrawal Rights regardless of whether they are used to transmit energy within or to points outside the PJM Region.*
- The Quality Project found that there is no “applicable criteria” in the PJM Manuals. Therefore, PJM has reviewed both its Tariff and Manuals to clarify what should be tested and to develop proposed criteria by which to assess Merchant D.C. and/or Controllable A.C. Merchant Transmission Facilities’ operational capability.

# Applying the Operational Standards Requirement

- Section of 232.7.1 of the PJM Tariff provides that:  
*“Operational capability shall be established consistent with applicable criteria stated in the PJM Manuals.”*
  
- PJM interprets “operational capability” to mean “firm” rights.
  - This interpretation is consistent with the testing requirement under generation interconnection projects.
    - Generator Interconnection Customers may request either of two forms of interconnection service:
      - **Capacity Resource** which is equivalent to **firm rights** granted to Merchant D.C. and/or Controllable A.C. Merchant Transmission Facilities; and
      - **Energy Resource** which is equivalent to **non-firm rights** granted to Merchant D.C. and/or Controllable A.C. Merchant Transmission Facilities.
    - Generator Interconnection Customers are required to test the capacity resource (Capacity Interconnection Rights) portion of its facility only. Accordingly, consistent with the interconnection rules, PJM proposes to correct the Tariff to require testing of the merchant’s facilities **operational capability** only.
  - Practically, PJM would not be able to test a merchant facilities operational capability for transmission withdrawal rights as such operational capability is under the control of the external region receiving the output. Thus, PJM proposes to delete application of the testing requirement to firm transmission withdrawal rights.

## 232.7 Loss of Firm Transmission Injection Rights and ~~Transmission Withdrawal Rights~~:

- **232.7.1 Operational Standards:**

- To retain Firm Transmission Injection Rights and ~~Transmission Withdrawal Rights~~, the associated Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities must operate or be capable of operating at the capacity level associated with the rights. Operational capability shall be established consistent with applicable criteria stated in the PJM Manuals. Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that meet these operational standards shall retain their Firm Transmission Injection Rights and ~~Transmission Withdrawal Rights~~ regardless of whether they are used to transmit energy within or to points outside the PJM Region.

- **232.7.2 Failure To Meet Operational Standards:**

- In the event that any Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities fail to meet the operational standards set forth in Section 232.7.1 of the Tariff for any consecutive three-year period, the holder(s) of the associated Firm Transmission Injection Rights and ~~Transmission Withdrawal Rights~~ will lose such rights in an amount reflecting the loss of ~~first contingency~~ transfer capability as described in the PJM Manuals. Any period during which the transmission facility fails to meet the standards set forth in Section 232.7.1 as a result of an event that would constitute a force majeure event under Section 10 of the Tariff shall be excluded from such consecutive three-year period, provided that the owner of the Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities exercises due diligence to remedy the event.

Add a new Section:

## **2.8 Procedure to Maintain Firm Transmission Injection Rights (TIRs)**