PJM TOA-AC July Meeting

At-Risk Generation Retirement
Generation Retirement

✓ Generation retirements expected to increase over the next several years
  • Increasing cost of operation for older facilities
  • Increased competition at wholesale (DR, Renewable Resources)
  • Decreased load due to economy
  • Increasing environmental regulations
  • Thousands of mws of existing generation not clearing RPM auction
  • PJM projected 28% reserve margin in 2010
  • Monitoring Analytics identified 11,250 MW of coal units did not recover avoidable costs in 2009
Generation Retirement Analysis Objectives

✓ PJM rule modification(s) to accomplish the following tenets:

• Extended time for optimum planning, design, material procurement and construction of required transmission upgrades required for announced generation retirements

• Assessment of anticipated generation retirements
  – Identification of reliability impacts
  – Scope of transmission upgrades
  – Construction of transmission upgrades
Modification to PJM tariff 90 day notification requirement

- Longer notification requirement
- Transmission Owner ability to commit to schedule and cost details
  - Preliminary design and cost estimates
  - Internal approval processes
  - Detailed design, material procurement, transmission outage scheduling
- Shorter duration RMR if one is necessary
Exelon Input for Improvements to Anticipated Generation Retirement

✓ At-risk definition components
  • Did not clear PJM RPM twice consecutively
  • MA lists at-risk with avoided cost in excess of revenue in at least last RPM non-clearing year
  • Coal generation older than 40 years
  • Coal units without scrubbers
  • Other?

✓ Process dependent on unit size? E.g. <50 MW, current rules apply.

✓ Net volume of generation loss in a zone (risk net of queue)

✓ At-risk generation PJM/TO/GO agreement
  • Delay transmission upgrades required to mitigate retirement of at-risk generator if GO agreement for three year notification
Request of TOA-AC

✓ Sense of support among the TO’s for Exelon’s considerations

✓ Exelon request for data sharing
  • Data available to PJM stakeholders
    – Aggregate non-clearing generation made public
    – Tee up global reliability issues for RPPWG study?
  • Data available to PJM Transmission Owners
    – Specific non-clearing generation by LDA and delivery year for all LDAs
    – MA at-risk generation listed by zone for all zones
    – MA supports release of non-public MA and RPM information
    – Local reliability issues for joint PJM/TO study