



Interconnection Reliability Operating Limit (IROL) Critical Infrastructure Protection (CIP) Cost Recovery

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Generator Owners required to make upgrades above and beyond typical requirements

- PJM develops a list of “IROL-critical” facilities to meet NERC CIP standards which could include generators
- These generators may require upgrades to meet other NERC CIP standards
- PJM is bringing this Problem Statement and Issue Charge on behalf of Generator Owners since classification of a generator as “IROL-critical” is considered CEII information

PJM does not currently have any cost recovery mechanism for this issue

- These units can be designated “IROL-critical” after assignment to the 3 year RPM window

The criteria in CIP-002-5.1 determine a facility's impact level

- All BES generators categorized as “Low Impact” at minimum
- Criterion 2.6 categorizes identified generators as “Medium Impact”

PJM(Reliability Coordinator) solely responsible for “IROL-critical” designation list to meet NERC CIP standards

- Generator Owner has no control or influence over designation

Once deemed "IROL-critical" the generator may need to take additional steps to comply with the “Medium Impact” requirements

- Compliance is not optional, and is periodically audited by NERC

Education

- NERC CIP standards, specifically CIP-002-5.1
- Review how a generator's status is determined by PJM
- Review types of costs that generators will incur
- Other RTO/ISO solutions, including ISO-NE Schedule 17 of their tariff for recovery of IROL-CIP costs

Discuss how costs should be recovered

- Determine process to evaluate which costs should be recovered
- Determine cost recovery mechanism through which capital and recurring costs could be recovered, allocated, and the appropriate transparency of payments

Areas to be addressed

- Tariff language change to accommodate CIP upgrade cost recovery as seen fit
- Allow for possible future recurring costs for units currently on the list as well as capital and recurring costs for units added in future analysis

Areas not to be addressed

- Modifications to IROL Critical List derivation process
- Modifications to capacity offers, cost-based energy offers and fuel cost policies

Expected Deliverables

- Recommendation to the MRC on a proposed cost recovery mechanism
- Update Manuals, Operating Agreement and Tariff as needed
- Determine documentation required by the impacted generators to PJM, the IMM, and the FERC if necessary, to support costs

Proposed Approach

- Issue worked through the OC
- Updates to be provided to MIC
- Estimated 3-6 months of effort to begin shortly after issue approval

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IROL-CIP Cost Recovery



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