



Enhancing Capacity Injection Right Transfer
Efficiency

Independent State Agencies Committee

March 25, 2024

The “Problem” We are Trying to Solve

EKPC and Elevate Renewables initiated stakeholder consideration of the Issue by framing the “Problem.”

*Slide from May 2023 PJM PC Mtg.

The Problem: A Confluence of Issues

- PJM’s current CIR transfer process relies on PJM’s standard queue process, which currently is significantly backlogged.
- When the rules were initially developed, it was reasonable to assume the PJM study process could be completed in sufficient time to match a replacement project’s schedule.
- The reality is that with accelerated retirements, diminished reserve margins, and a significantly backlogged queue of new resources, there is a timing misalignment that may impact reliability and resource adequacy in PJM.
 - Misalignment may result in PJM needing to consider pursuing an RMR with the deactivating resource and/or transmission reinforcements to maintain reliability.
 - There may be transmission cost/cost allocation implications and even resource adequacy implications.
 - Misalignment may result in LSEs effectively losing their ability to hedge market prices.

Issue Charge (Excerpt)

Key Work Activities and Scope

- 1. Education on PJM's process (including the reliability analysis PJM must perform and responsibility for transmission reinforcements that may be needed) for transferring CIRs from deactivating generation resources to replacement resources.**
- 2. Develop a solution that enhances PJM's process for transferring CIRs from deactivating resources that both improves the efficiency of the process and clarifies that it applies to all energy-injecting capacity resource types.**

Expected Deliverables

- 1. Revisions to PJM's OATT and RAA (definitions)**
- 2. Potential conforming manual changes**

Out of Scope

Changes to the current process of transferring CIRs when the replacement resource locates at a different POI from the existing deactivating resource.

The “Problem” We are Trying to Solve

- EKPC and Elevate Renewables worked with various stakeholders and PJM staff to narrowly frame the issue to ensure space to create a generation replacement process similar or identical to generator replacement processes already approved by FERC in MISO, SPP, and vertically integrated systems that would not create materially adverse impacts to generation projects in the interconnection queue (i.e., would not result in the need for network upgrades that materially disadvantage queue projects).
 - The issue is narrowly focused on those situations where a deactivation notice is paired with a generation replacement request at the same point of interconnection.
 - Any CIR transfer that does not “fit” in this new process could still proceed but would need to be processed through the interconnection queue.

While not addressing all of the concerns stakeholders have raised about deactivations triggering need for transmission reinforcements and potentially RMRs, (which is under discussion at the Deactivation Enhancements Senior Task Force), EKPC views the creation of a generation replacement process as a positive step toward addressing some portion of those issues.

Due to Competing Priorities, Slow Progress To Date...

IPS – Enhancing CIR Transfer Process Work Plan	Meeting																			
	7/31/2023	8/28/2023	9/27/2023	10/30/2023	11/20/2023	12/21/2023	1/19/2024	1/29/2024	2/9/2024	2/23/2024	3/8/2024	3/22/2024	4/5/2024	4/22/2024	4/30/2024	6/4/2024	6/27/2024	6/27/2024	7/24/2024	
Develop Work Plan	X																			
Education & Joint Fact-Finding	X	X																		
Interest Identification		X																		
Develop Design Components		X	X	X	X	X														
Document Relative Importance of each Component			X																	
Develop Options for each Component			X	X	X	X	X	X	X	X	X	X								
Narrow Options												X	X							
Develop Packages												X	X	X						
Narrow Packages														X						
Non-Binding Polling														X						
PC First Read															X					
PC Endorsement																X				
MRC First Read																	X			
MRC Endorsement																		X		
MC																				X

We are here.

The Road to Success May be Bumpy and Windy

- Stakeholder process “Issues” are parsed to identify what components are necessary for a solution and then what options exist to address each component. (This is referred to as the “matrix.”)
- What is “in scope” versus “out of scope”? What can be in the rules for this more efficient process targeting a subset of CIR transfers?
 - Point of interconnection (electrically equivalent?)
 - Deactivation notification requirements (being discussed in the Deactivation Enhancement STF)
 - Required reliability analyses (pertaining to the deactivating generator versus the replacement resource)
- Potential need for additional design components
 - E.g., may need certainty that the replacement resource will energize
 - Extension of time for in-service as some sites may not allow operation of existing resource while new resource is under construction if it is a small footprint

Impending resource adequacy and other reliability concerns necessitate us finding a successful path.

Questions and Discussion

