



CIRs for Surplus Additions

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Surplus additions should be able to use the CIRs owned by existing resources for capacity market participation purposes

- In February, FERC approved tariff revisions to PJM’s surplus interconnection process that significantly increase the viability of the product as a means for bringing new resources online under existing interconnection rights
 - This was primarily achieved by modifying studies to use a *material adverse impact* test as opposed to a *material differences* test
- Under the new process, a surplus addition can participate in markets as either a hybrid resource or an independent co-located resource, but the only way it can access CIRs is as a hybrid resource – see table for example
- More often than not, developers will be attempting to add surplus resources to operating assets that have existing off-take and financing agreements that make it practically infeasible to add a surplus resource in a hybrid configuration
- The co-located configuration is thus often likely to be the preferred option. However, under today’s rules, surplus additions electing the co-located option are unable to access the CIRs of the existing resource. In order for surplus to be successful at supporting the system’s resource adequacy needs, it’s important that PJM allow the surplus addition to be assigned the CIRs from the existing resource. In this case, the existing resource should be accredited based on a lower level of CIRs reflecting this assignment.
- This reform may help to unlock additional UCAP that can be studied in <1 year

	Hybrid	Co-Located
Studies	Power flow, short circuit, stability	Power flow, short circuit, stability
Unique resource ID	No	Yes
MFO	100 MW	100 MW
CIRs	100 MW	0 MW
UCAP	~62 MW	0 MW

Summary of attributes for a 100 MW nameplate 8-hour battery surplus addition to an existing, standalone solar facility under a “hybrid” vs. “co-located” arrangement. While both arrangements are studied the same, current rules require the hybrid arrangement for the battery to effectuate its capacity value.