PJM Reliability Resource Initiative

AES Clean Energy and REV Renewables Comments

Members Committee Meeting
November 2024

AES and REV Support Reliability

- We support resource adequacy in PJM. **TC2 projects will provide much needed capacity to the grid and are already positioned to deliver**
- Maintaining grid reliability as PJM's load grows is vital to minimize impacts on ratepayers and sustain trust in the electric grid.
- We want all competitively procured projects to get online in a timely manner

PJM could improve system benefit by starting the RRI after TC2 Decision Pt 1

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Concerns about Reliability Initiative

We acknowledge PJM has reliability responsibility, however:

- The proposed RRI framework **creates risk** for TC2 cycle projects
- PJM has not clearly defined its reliability problem nor how its proposal will address reliability shortfalls
- The proposal overlooks network upgrades necessary for resource adequacy
- **Critical gaps exist in PJM's decision-making criteria and readiness requirements that must be addressed prior to implementation**

RRI Proposal Harms Projects in Queue

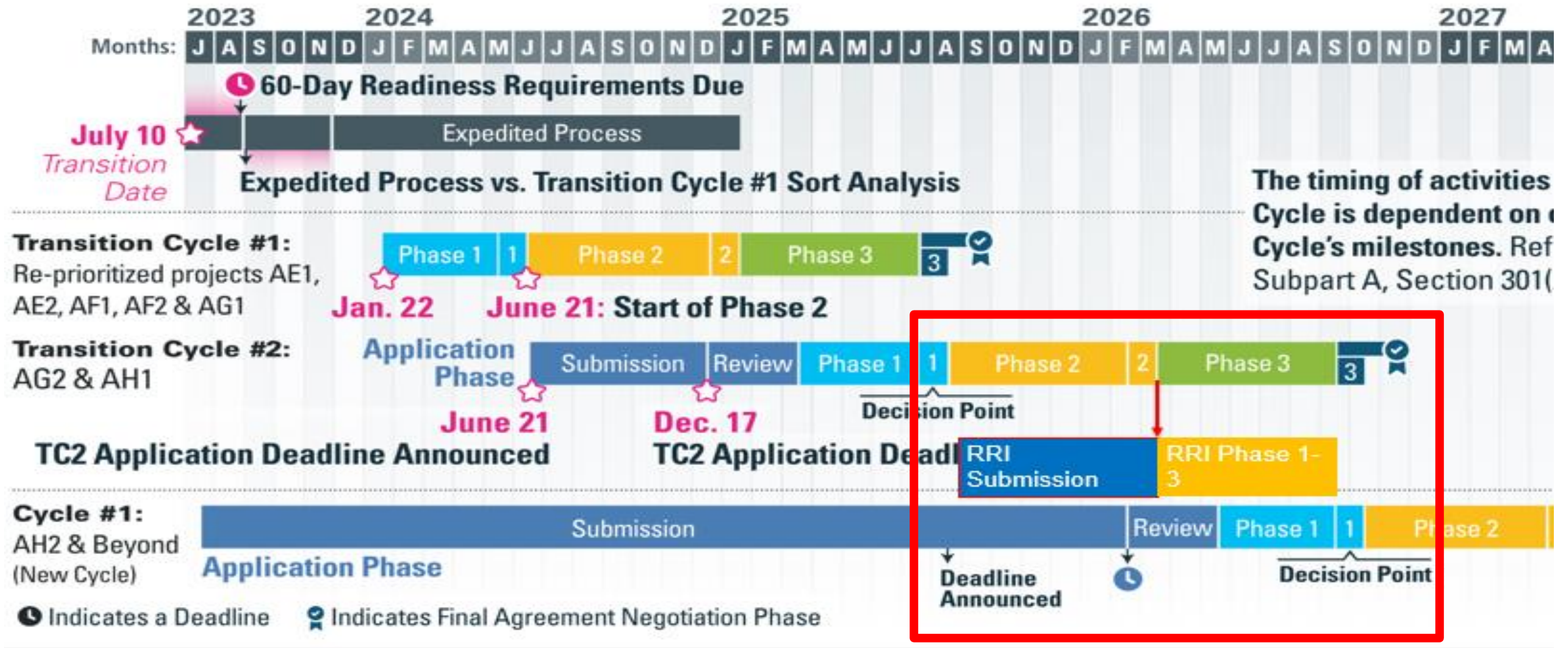
RRI proposal limits projects, but not MWs:

- No cap on MWs **could significantly increase cluster size** and **jeopardize model convergence**

Proposal could negatively affect network upgrades:

- Potential cascading effects on both RRI and TC2 projects
- Deliverability by June 2029 timeline remains unaddressed
- **Could leave PJM with fewer MWs than if they had done nothing**

AES and REV Proposal



ICs get more time to bring only shovel-ready projects – Increasing quality and meeting higher entry requirements

Minimize Harm to TC2 by:

- Open Submission window after Phase 1 of TC2
- Running a single study using in parallel to TC2 Phase 3
- Running all studies (thermal, stability, short circuit, facility) in one cycle
- Allowing projects to sign LGIA, drop out, or go to next cycle

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Necessary RRI Requirements

For resources included in the RRI cluster, stricter standards are necessary to demonstrate readiness and ensure delivery:

- Have projects located in zones that have cleared near Net CONE
- Higher non-refundable financial deposits
- 100% site control, including Gen-tie
- Permits
- Procurement of long-lead time equipment
- EPC agreements
- Interconnection timing and feasibility
- Financing

Summary

- PJM has not clearly defined its reliability problem nor how much its proposal will address reliability shortfalls
- The proposal overlooks network upgrades necessary for resource adequacy
- The proposed RRI framework creates risk for TC2 cycle projects
- The RRI proposal impacts future generation financing and market rule certainty
- Stricter standards are necessary to demonstrate readiness and ensure delivery to the grid for RRI projects