

External Capacity Resource Clearing

Issue Source

North Carolina Electric Membership Corp.(NCEMC), [Illinois Municipal Electric Agency \(IMEA\)](#).

Issue Content

In PJM's Reliability Pricing Model (RPM), for modeling and clearing, external, pseudo-tied capacity resources (external capacity resources) are not assigned to a Locational Deliverability Area (LDA) or any of the sub-zonal LDAs.

PJM's current RPM practice is to model and clear external capacity resources only in the rest of RTO and not the reliability requirements of any specific LDA. This practice is currently not documented in the current version of PJM Manual 18 (PJM Capacity Market), however, a previous version of Manual 18 (Rev. 39, December 21, 2017) noted this business rule.

Under the current rules, however, external capacity resources, are assigned to a LDA for Non-Performance Assessment purposes (Manual 18, section 8.4A; Rev. 59, June 27, 2024). This assignment is made by PJM before the start of the Delivery Year (DY). Additionally, generation deliverability into PJM must be demonstrated prior to the start of the DY. To demonstrate generation deliverability into PJM, external capacity resources must obtain firm point to point transmission service on the PJM OASIS from the PJM border into the PJM transmission system or by obtaining network external designated transmission service (Manual 18, sections 4.2.4, 4.6.4; Rev. 59, June 27, 2024). The aforementioned Non-Performance Assessment LDA assignment does not necessarily align with the transmission pathway and the rest of RTO clearing price award. While not exhaustive, other relevant tariff/manual provisions may include Tariff, Attachment DD, Section 5.14(a) (addressing the requirement of a resource needing to be located in an LDA to be paid the LDA clearing price) and PJM Manual 14B, Attachment C (addressing LDA area, relevant transmission system and definition of connected load and generation).

NCEMC believes there is an opportunity to review certain existing provisions pertaining to external capacity resources to determine if there are modifications that would better align the external capacity resource transmission pathway with external capacity resource LDA modeling, the applicable sink LDA used in RPM clearing, and resource performance obligations and mapping. These issues are explained in the accompanying Problem Statement.

Key Work Activities and Scope

1. Review existing relevant business rules and governing document language related to RPM clearing of external capacity resources.
1. —
2. Consider solutions for addressing the identified issues.
3. [Review ability to use Incremental Capacity Transfer Rights \(ICTRs\) to deliver resources into a constrained LDA](#)
- 3.4. Review, discuss, and refine proposed solutions.
- 4.5. Out of Scope: All other issues related to external capacity resources.

Expected Deliverables

1. Proposed governing document and/or manual revisions as appropriate.

Decision-Making Method

Identify the decision-making method adopted for this issue: Tier 1, consensus (unanimity) on a single proposal.

Stakeholder Group Assignment

PJM Market Implementation Committee (MIC).

Expected Duration of Work Timeline

- It is expected that this work will begin in November 2024. The completion date ranges are:
 - Five (5) months if only Manual 18 changes are modified and no Tariff provisions are implicated.
 - Approximately Eight (8) months if the solution entails changes to Tariff, Attachment DD and/or other governing documents.

Start Date	Priority Level	Timing	Meeting Frequency
Click here to enter a date.	☐ High ☒ Medium ☐ Low	☐ Immediate ☒ Near Term ☐ Far Term	☐ Weekly ☒ Monthly ☐ Quarterly

Charter

(check one box)

☐	This document will serve as the Charter for a new group created by its approval.
☒	This work will be handled in an existing group with its own Charter (and applicable amendments).

More detail available in M34; Section 6