Fuel Switching for projects with ISA/GIA

Detailed instructions and process steps are available in M34, Section 6

Problem / Opportunity Statement

PJM is facing urgent capacity shortfalls in upcoming delivery years. At the same time, there are numerous projects that have completed interconnection studies and obtained Capacity Injection Rights (CIRs) but are not being constructed or contracted. Many of these projects no longer reflect current market demand or resource preferences, despite having been demonstrated as deliverable to the transmission system.

Opportunity to Improve Planning Outcomes

Allowing projects with existing CIRs to change fuel type—while retaining those CIRs—could significantly improve PJM's ability to utilize previously studied and deliverable interconnection positions. For example, a project initially studied as solar could transition to storage, or another fuel type better aligned with reliability needs, provided that the change does not materially impact the planned transmission system.

From a planning perspective, this approach leverages prior to system impact and facilities study work, reduces the need for duplicative restudies, and accelerates the availability of capacity resources needed to meet forecasted system requirements.

A defined process could allow developers to request a fuel change and proceed through the appropriate Necessary Study or material-modification review to confirm that the change does not result in new or increased transmission issues as defined by existing planning procedures.

Why This Warrants Planning Committee Review

The issue is fundamentally one of interconnection policy design and system planning efficiency, both of which fall squarely within the Planning Committee's scope. Key considerations include:

- *PJM's need to bring capacity online more quickly without compromising grid reliability*
- *Efficient use of completed interconnection and network upgrade studies*
- *Avoidance of stranded CIRs at sites that have already been deemed deliverable*
- *Alignment of the interconnection process with evolving resource mix and system needs*

Providing a defined procedure for fuel changes would help ensure that previously studied interconnection capacity remains useful to resource positions that have spent considerable resources moving the positions forward as market needs evolve.

Education and Market Precedents

Other ISOs/RTOs have implemented approaches that may be instructive for PJM's planning and interconnection policy development:

- *Multiple RTO's allow fuel changes through FERC approved material modification review processes.*
- *In those markets, proposed fuel changes are studied to determine whether they constitute material impact to the grid.*

- *If a change is found to be non-material, it is permitted without requiring the project to forfeit its existing interconnection position or rights.*

Reviewing these frameworks could help inform PJM's evaluation of potential Tariff or Manual revisions within the PC.

Policy Focus

This initiative is intended to address broader policy challenges, including:

- *Interconnection backlogs and extended study timelines that outlast changing market conditions*
- *Projects becoming commercially obsolete despite having completed necessary planning studies*
- *Systemwide capacity shortfalls driven by delays in bringing new resources online*

While technical studies remain essential, the core issue is whether PJM's current rules are sufficiently flexible to adapt to evolving system and market realities.