



# PJM Capacity Market Fuel Assurance Accreditation

RASTF/CIFP Meeting  
July 10, 2023

- Using a revised ELCC accreditation paradigm, incorporate accreditation factors to effectively value generating resources which commit to enhanced fuel security investment.
- Recognize and incent the additional level of reliability that can be obtained through investment in fuel security measures
- Focus is on natural gas generation due to gas pipeline capacity constraints, the inherent just in time delivery characteristics of natural gas, and lack of onsite storage capability.

- This effort is specifically targeted at the forward capacity market. Through accreditation, PJM seeks to ensure that units with fuel security arrangements in place for the delivery year are distinguished by a separate ELCC class to clearly demonstrate any increased level of accreditation from such arrangements.
- PJM recognizes that the real time operations, scheduling issues and coordination with the gas nomination cycle are a related *key component* of fuel security.
- PJM commits to timely address these real time gas-electric operational issues, to include reforms in place in operations that complement the forward accreditation reforms in the capacity market through the EGCSTF meetings.
- These scheduling changes need to be in place well before the CIFP impacted delivery years.

- Establish fuel assurance categories that clearly define the level of fuel delivery security that the generator is bringing into the capacity market
  - Dual Fuel
    - Implementation for 25/26
    - Need demonstration of existing dual fuel capability or attestation, construction/project of installation in time for 25/26
  - Natural Gas Firm transportation / Interruptible transportation
    - Looking to differentiate this in accreditation in the future (no plan to do this in 25/26 due to complexity and insufficient data)
    - Proposal beginning in 25/26 is to require the submission of fuel transportation service level each year
- Using class differentiation will clearly demonstrate the increase level of reliability provided by resources in each category and provide incentives for improving fuel security.

## Defining Firm Transportation

- PJM is not dictating a specific service to be obtained but seeks a showing of intended arrangements that will provide firmer transportation arrangements (e.g. no notice service, access to storage facilities etc.) and a higher service prioritization level on the respective delivery pipeline(s).
- Broad definition of firm transportation:
  - ***“(T)hose contractual and tariffed arrangements that provide for a level of transportation service that is not subject to interruption for any reason other than a Force Majeure event as detailed in the applicable tariffs of the interstate natural gas pipeline and is entitled to the highest delivery priority consistent with the natural gas pipeline’s tariffs.”***

- Accreditation for Dual Fuel - to be implemented for next BRA
- Accreditation for Firm vs. Interruptible Transportation - PJM plans to collect data on this with the intention of further analyzing it to support any beneficial class-level distinction in transportation service level in the future.
- Additional information to be gathered thru attestations to provide data needed for ELCC determinations and any potential future implementation of FT vs. IT accreditations.

- *Attestation* – PJM obtaining information in order to categorize levels of fuel security:
  - Prior to auction, resource owner officer level commitment that dual fuel capability will be in place for the delivery year
    - Resource owners that cannot commit to having dual fuel capability 3 years out will not qualify for that class
    - Prior to delivery year, resource owners without dual fuel capability in service at the time of the attestation must provide evidence of installation and functionality.
- *Accreditation* – BRA accreditation will reflect attested dual fuel capability. IA accreditation will reflect more recent status updates.

## Resource Obligation

- Unit owner attesting to dual fuel capability commits that it will have the appropriate capability during the delivery year.
- Attestation includes confirmation that the unit either has existing dual fuel capability or has a plan to have that capability installed in time for the delivery year. Additionally, units in the dual fuel class must be able to operate on their secondary, onsite fuel, for a minimum of 48 hours when dispatched by PJM.





# Fuel Assurance Categories – Natural Gas

Tier	Unit Fuel Assurance Category	Description of Fuel Assurance Category	Requirements
Tier I	Dual Fuel	<p>Unit can start up and operate independently on each fuel type up to its maximum capacity level during the period November 1 through March 31 for each year in which it is participating in the capacity market.</p> <p>Additionally, units in this Tier I category must be able to operate on their secondary, onsite fuel, for a minimum of 48 hours when they are dispatched by PJM.</p>	<p>Unit owner must demonstrate through attestation, and through additional supporting documentation and testing to verify and validate the ability to meet this level of service.</p> <ol style="list-style-type: none"> <li>attest that you'll have it in place by the DY</li> <li>attest and demonstrate project plan, documentation, etc.</li> <li>must have it in place and working at the time of the auction</li> </ol>
Tier II	Gas-Only Firm Transportation Capacity	<p><i>Unit has or will have at the beginning of the first capacity delivery year, a Firm pipeline transportation contract from receipt to delivery point and this contract is in effect, at a minimum, during the period November 1 through March 31 for each year in which it is participating in the capacity market.</i></p>	<p><i>Unit owner required to provide the proposed attestation and supporting documentation of pipeline transportation contracts which demonstrate the required firm delivery contract for the full capacity commitment supporting this Tier II selection. In lieu of a firm contract directly with a pipeline, a bundled firm delivered gas service through a third party marketer or asset manager, which provides an equal or greater level of firm gas delivery, can support inclusion in Tier II.</i></p>
Tier III	Gas-Only Interruptible Transportation	<p><i>Gas delivery to the unit is fully interruptible during the winter "seasonal" period for each year in which it is participating in the capacity market.</i></p>	N/A

Data collection only at this time.