



Manual 18 Revisions for External Capacity Enhancements

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- Conforming revisions for External Capacity Enhancements (Docket ER17-1138)
 - PJM compliance filing submitted on December 18, 2017 in response to November 17, 2017 FERC Order
 - Effective date for changes is May 9, 2017
- Revisions to the rules for external capacity resources establishing:
 - 1) Pseudo-tie requirements for new external resources that wish to participate in PJM Capacity Market
 - 2) Transition period with deliverability requirements to allow for existing pseudo-tied resources that have previously cleared in an RPM Auction to comply with new requirements

- First read at January 25, 2018 MRC
- Endorsement at February 22, 2018 MRC
- Publish M-18 Revisions for External Capacity Enhancements (along with previously approved sub-hourly settlement revisions) by March 1, 2018

Rev #	Proposed Revision	Impacted Section (s)
1	Update mandatory participation to include External Resource with an effective External Resource Must-Offer Agreement. Update voluntary participation to include External Resources without an effective External Resource Must-Offer Agreement.	1.2.2 Participation of Resource Providers
2	Clarify that Capacity Import Limits in RPM Auctions is effective for 2017/2018-2019/2020 Delivery Years only.	2.3 Locational Constraints in the Reliability Pricing Model 2.3.4 Capacity Import Limits
3	Define Prior CIL Exception External Resource	2.3.4 Capacity Import Limits
4	Remove the old requirements to qualify for an exception to the Capacity Import Limits	2.3 Locational Constraints in the Reliability Pricing Model
5	Removed outdated transition provisions (i.e., 5.14B - Generation Unit Capability Verification Test Requirements and 5.14C -Demand Response Operational Resource Flexibility) and add provision associated with Section 5.5A(c)(i)(B) of OATT (i.e., Prior CIL Exception External Resources electing prior to DY Third IA to be relieved of capacity obligation for such DY) in the calculation of the amount of capacity to procure or release in an Incremental Auction.	3.5 Demand Curves in the Incremental Auctions
6	Add the adjustment for the transition provisions (i.e., 5.14E -Demand Response Legacy Direct Load Control Transition Provision and Section 5.5A(c)(i)(B) of OATT) in the definition of Updated VRR Curve Increment and Updated VRR Curve Decrement	3.5 Demand Curves in the Incremental Auctions
7	Clarify requirements for external resources offering as non-CP prior to 2020/2021 Delivery Year.	4.2.2 Existing Generation Capacity Resources -External
8	Add new requirements for external resources offering as CP, requirements to qualify for an exception to the new requirements, and the compliance requirements for Prior CIL Exception External Resources.	4.2.2 Existing Generation Capacity Resources -External



M-18 Revision Summary (continued)

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9	Clarify when the "Approved" status of a unit-specific transaction (representing a capacity import) will be granted for resource offering as non-CP and for external resource offering as CP.	4.2.2 Existing Generation Capacity Resources -External
10	Clarify the requirements for a Planned External Generation Capacity Resource offering as non-Capacity Performance.	4.2.4 Planned Generation Capacity Resources - External
11	Clarify that a Planned External Generation Capacity Resource offering as CP must satisfy the same requirements for existing external generation resources offering as CP in Section 4.2.2.	4.2.4 Planned Generation Capacity Resources - External
12	Clarify when a "Provisionally Approved" and an "Approved" status of a unit-specific transaction (representing a capacity import) will be granted for external resource offering as non-CP and for an external resource offering as CP.	4.6.4 Importing an External Generation Resource
13	Clarify the Resource Clearing Price within an external source zone is relevant for 2017/2018-2019/2020 Delivery Years only.	5.7.2 Auction Clearing Mechanism - Base Residual Auction 5.8.2 Auction Clearing Mechanism - Incremental Auction
14	Clarify that the adjustment to account for price decrements for external capacity resources is relevant for 2017/2018-2019/2020 Delivery Years only.	5.9.1 Zonal Capacity Prices
15	Remove the consideration of outdated transition provisions and add the provision associated with Section 5.5A(c)(i)(B) of OATT in the calculation of the Final Zonal Capacity Prices.	5.9.1 Zonal Capacity Prices
16	Include in the Non-Performance Assessment the evaluation of external resources that help resolve the declared Emergency Action starting with the 2020/2021 Delivery Year.	8.4A Non-Performance Assessment