

Enhancements to Deactivation Rules

Issue Source

Vistra

Issue Content

Given the anticipated volume of generation resource retirements expected in the coming years, there are areas where the provisions of the Tariff need to be reevaluated.

Key Work Activities and Scope

1. Provide education around reliability requirements and violations, including standards imposed by NERC and RFC.
2. Provide education around the current issues associated with situations where units have been requested to operate beyond their desired deactivation date.
3. Provide education around the general deactivation process and the provisions in the Tariff, mostly Part V, regarding requests for units to operate beyond their desired deactivation date.
4. Provide education around the reliability criteria in capacity auctions and the reliability planning process and the Capacity Market and Reliability Backstop provisions as it relates to retaining and/or procuring resources needed to address reliability concerns.
- 4.5. Provide education on potential implications for the energy and capacity supply stack and efficient market clearing in which prices are consistent with reliability needs.
- 5.6. Develop solution options for addressing the identified issues.
- 6.7. Review and discuss proposed solutions and whether any proposed solutions more effectively address identified concerns than current tariff provisions, while avoiding or minimizing market distortive impacts in the capacity and energy markets.
- 7.8. Refine proposed solutions.

Areas in scope:

1. Compensation: Possible revisions to compensation mechanism for units agreeing to operate beyond their desired deactivation date that provide for increased certainty, efficiency, reliable operations, and cost recovery while limiting potential litigation and minimizing impacts to both customers and the energy and capacity markets via, for example, impacts to the energy and capacity supply stacks and transmission constraints impacts.
2. Timing: Possible revisions to the deactivation notification timeline that provide enhanced visibility while limiting the impact on operator flexibility.
3. Transparency: Ensure any rules developed in relation to in-scope items 1 and 2 include consideration of transparency of information.
4. Market Impacts:

a. If and how RMR units are included in the capacity auction supply and the consequent impact to setting auction prices.

b. If and how RMR units are included in DAM/RTM energy and ancillary services supply and the consequent impact to setting clearing prices.

~~3.~~

Areas not in scope:

1. Capacity and energy market changes beyond those that address impacts of RMR resources to the supply stack or transmission constraints.

~~1. Capacity market changes: Any capacity market and/or existing reliability backstop auction issues identified will be assigned separately to the appropriate stakeholder group.~~

2. Resource adequacy as a trigger to request resources to operate beyond their desired deactivation date.

3. Changes to the selection, procurement, or compensation of Black Start resources.

Expected Deliverables

- Proposed solution to address enhancements to deactivation rules: Corresponding revisions to Part V and potentially other provisions of the Tariff consistent with the solution proposed will be brought to the MRC and MC for review and endorsement. Proposed revisions to PJM Business Practice Manuals conforming to the FERC approved solution will be brought to the appropriate Standing Committees for review and endorsement.

Decision-Making Method

- Tier 1 consensus (unanimity) on a single proposal (preferred default option)

Stakeholder Group Assignment

- New Senior Task Force reporting to the MRC

Expected Duration of Work Timeline

- Work is expected to be completed and voted out of the Senior Task Force in 4 months.