

DESTF Issue Charge Expansion



Proposed by Maryland Office of the People's Counsel & Illinois Citizens Utility Board
Markets and Reliability Committee
July 24, 2024

Background

Foreseeable thermal retirements due to economics and federal and state policy

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New entry is slowed due to queue backlog

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Need for proactive transmission planning

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Rapid and localized load growth

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Likely undesirable proliferation of expensive Reliability Must Run (RMR) arrangements

No one likes RMRs. With an alternatives process, we could avoid them.

Key Work Activities

- ❖ Provide education around processes used by other transmission system operators to evaluate alternatives to retaining existing generators that have announced deactivation.
- ❖ Provide education around the potential for alternative transmission technologies, such as reconductoring and grid-enhancing technologies, as well as energy storage, to address reliability violations associated with generator deactivation, including the time for deployment and cost relative to conventional transmission solutions.
- ❖ Receive updates on any applicable work and account for outcomes of the Enhancing Capacity Interconnection Rights (CIR) Transfer Efficiency workstream.
- ❖ Develop solution options for addressing the identified issues, including a process to consider and implement potential cost-effective alternatives to Reliability Must Run (RMR) arrangements.

Potential to accelerate completion of long-term transmission solutions

Develop procedures for PJM to evaluate

- ❖ grid-enhancing technologies,
- ❖ reconductoring,
- ❖ other alternative transmission technologies,
- ❖ demand-side management, and
- ❖ energy storage,

upon receipt of such solutions from developers, when reliability violations are identified by PJM under OATT Part V. Develop procedures for PJM to account for any RMR costs avoided by shorter lead-time transmission solutions when comparing the costs of competing transmission solutions.

Alternatives to Part V arrangements with deactivating generators

Development of process to identify, evaluate, and procure alternative solutions to reliability violations, in lieu of a Part V arrangement with the deactivating generator, including mechanisms for compensation. Such solutions could involve, but are not limited to,

- ❖ new generation assets,
- ❖ energy storage,
- ❖ demand-side solutions, and
- ❖ transmission system enhancements including alternative transmission technologies.

This process may include, but is not limited to, consideration of generation replacement proposals submitted by a deactivating generator (i.e., CIR transfers), or accelerated interconnection processing for resources that would alleviate short-term, local reliability issues. Different procurement structures, including request for proposals, should be considered, as well as the respective roles for PJM and states in administering the procurement. A framework for evaluating competing solutions should be developed, including methods to compare costs and benefits across resource types.

Interaction with Ongoing Process

Stakeholders want to ensure that expanding the DESTF will not prevent reaching solutions on compensation and notification timelines. We have updated the language to clarify that **Partial solutions are acceptable.**

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 processes used by other transmission system operators to evaluate alternatives to retaining existing generators that have announced deactivation.

4. Provide education around the potential for alternative transmission technologies, such as reconductoring and grid-enhancing technologies, as well as energy storage, to address reliability violations associated with generator deactivation, including the time for deployment and cost relative to conventional transmission solutions.

5. Receive updates on any applicable work and account for outcomes of the Enhancing Capacity Interconnection Rights (CIR) Transfer Efficiency workstream.

~~3-6.~~ 6. Develop solution options for addressing the identified issues, including a process to consider and implement potential cost-effective alternatives to Reliability Must Run (RMR) arrangements.

7.4. Review and discuss proposed solutions.

8.5. Refine proposed solutions. Partial solutions are acceptable.