2017 Reserve Requirement Study (RRS) Assumptions

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• Study results will re-set IRM and FPR for 2018/19, 2019/20, 2020/21 and establish initial IRM and FPR for 2021/22.

• Assumptions do not include any potential changes resulting from the Winter Risk Problem Statement analysis, currently under RAAS consideration.

• Most of the 2017 RRS assumptions are similar to those in the 2016 RRS with three exceptions.
• Removal of ISO-NE from the World Model
  – PJM has no direct transmission ties with ISO-NE.
  – PJM does not have an agreement with ISO-NE to share emergency capacity (as it does with its other neighbors).
2017 RRS Assumptions – Changes (cont’d)

• Future Generators
  – Only generation projects in the PJM interconnection queue with a signed Interconnection Service Agreement (ISA) will be included in the case.
  – MW rating will not be adjusted by a commercial probability.
  – Impact:

<table>
<thead>
<tr>
<th>Future Generators Criterion</th>
<th>ICAP Additions (MW)</th>
<th>UCAP Additions (MW)</th>
<th>Avg. EEFORd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Probabilities</td>
<td>16267</td>
<td>15434</td>
<td>5.1%</td>
</tr>
<tr>
<td>ISA-Only</td>
<td>19273</td>
<td>18322</td>
<td>4.9%</td>
</tr>
</tbody>
</table>
• The sentence regarding Behind the meter generation has been modified from:
  
  – “Behind the meter generation (BTMG) may be treated as either a capacity resource or may be used to reduce the 5 CP (coincident peak) load. The choice of the modeling method is left to the owner of the BTMG resource.”

  to

  – “Behind the meter generation (BTMG) is not included in the capacity model because such resources cannot be capacity resources. The impact of behind the meter generation (BTMG) is reflected on the load side.”