

# PJM Resource Adequacy Task Force

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## How Did We Get Here?

- AMP favors holistic discussions for market design enhancement whenever possible
- Consistent with views and prior presentations
  - During MOPR workshop
  - Post-MOPR, worked with Calpine to develop the issue charge that eventually led to the creation of the RASTF
- Argued for a charter that was broader than what is in place for the RASTF today
  - Include discussion of whether DR is supply or demand

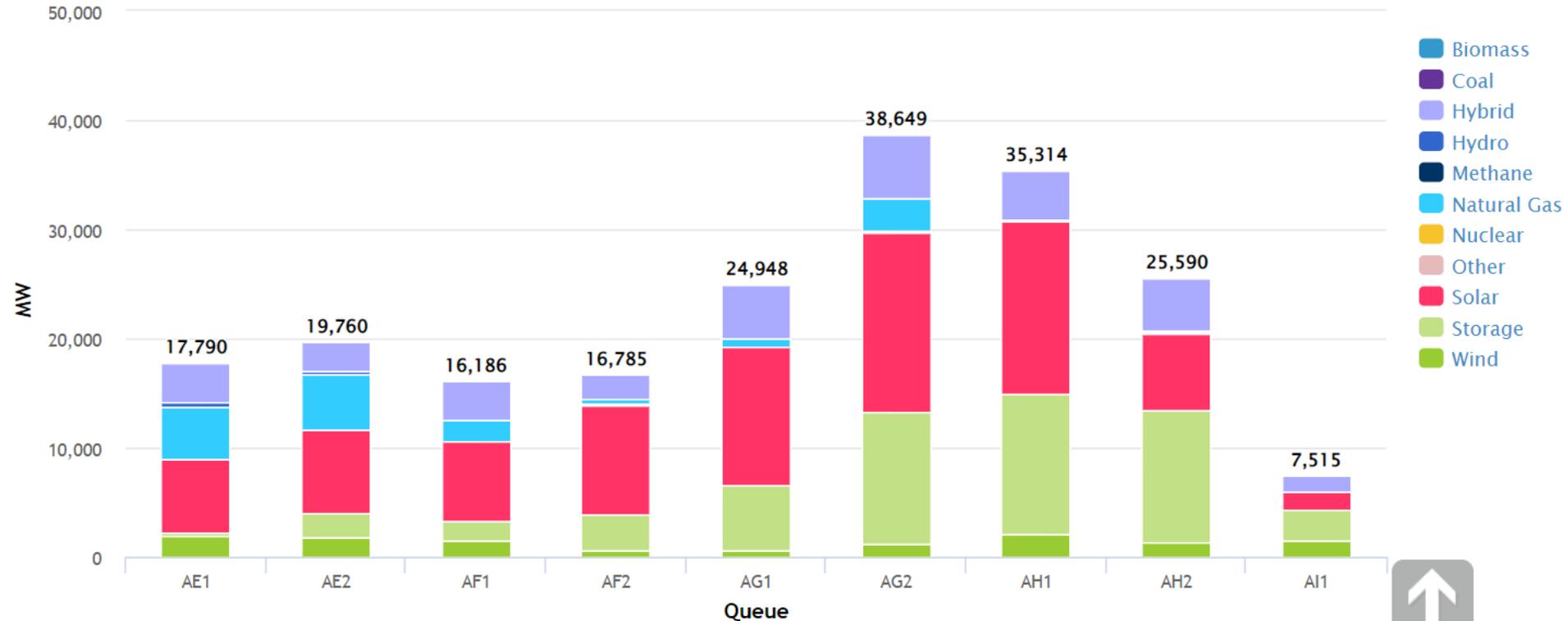
- Excluding the completed KWA #1 for CAPSTF, the remaining 9 KWAs are in three buckets:
  1. Demand
    - KWA 2: Risks & Drivers
    - KWA 3: Procurement Level
  2. Supply:
    - KWA 4: Performance Assessment
    - KWA 5: Qualification/Accreditation
    - KWA 6: Obligations
  3. RPM Design:
    - KWA 7: Capacity Procurement Process
    - KWA 8: Remaining Design Details for Seasonal Construct
    - KWA 9: Supply-Side Market Power Mitigation (incl. MSOC)
    - KWA 10: FRR

- Recognizing that the KWAs (see prior slide) impact supply, demand, AND construct design highlight that we ALL need to work together on a broad proposal
- If we continue to work items in piecemeal manner, supply will block enhancements sought by demand, and vice versa, all the while the necessary improvements to the construct design will get buried and possibly ignored
- RPM may work today BUT it will not work in the very near future
  - ELCC resources do not have a must offer requirement in RPM
  - The overwhelming majority of projects in the queue are ELCC resources
  - We cannot embrace a sustainable market design ill conceived to procure all required capacity to maintain at least a 1-in-10 level of reliability on behalf of all load when a significant portion of the supply curve need not participate in RPM

## Generation Interconnection Requests by Fuel Type

As of 9:46 a.m. EPT

All Fuels | Renewables



- AMP believes any work needs to be focused on a goal of making RPM more dynamic than it has been since day 1
- The energy market does a fairly good job at responding to unplanned, exogenous events
- RPM is an administrative burden that restricts flexibility
- Notwithstanding the 9-10 months spent on the piecemeal approach, stakeholders are now in a position to work collaboratively to find areas of consensus
- Need stakeholders and facilitation to focus on the concept of mutual gains
  - We can all “win” if we are willing to compromise
  - Need to also look at stakeholder proposals holistically, not in piecemeal

- Persistent over-procurement
- Administratively burdensome and restrictive
  - Accounting for risk (e.g., MSOC)
  - Accounting for supply choice preferences
- UCAP is not flexible
  - Foundational concept that CP resources are available 24/7-365 is wrong
  - Must offer requirement is not universal
- Accounting for future reliability needs
  - Is procuring MWs in RPM the goal?
  - Should the focus/goal of RPM be attribute based?

*The next slides include AMP's initial ideas for stakeholder consideration.*

*AMP welcomes the opportunity to work with others to refine and develop comprehensive solutions that address the key challenges.*

- MSOC: develop an algorithmic, verifiable,... approach
- Seasonal: allow for modified status quo (annual)
  - Annual up to a pre-determined level
    - AMP described an approach (see 6/23/22 RASTF meeting, [item 3a](#))
  - Seasonal for balance of capacity requirements
    - Suggest multiple seasons (e.g., 4) to reflect variability in hydro output in spring vs fall, as well as a summer and winter season
- Procurement metric/level: need to find consensus on marginal vs average approach
- Performance: recognize that not all resources are alike, and they never were, so develop a construct that recognizes and rewards (pays) resources when they are available

- Capacity procurement process: should the BRAs be 3 years forward? We have had a number of BRAs held less than 3 years recently. New capacity was procured. A BRA held closer to the delivery year would mitigate the need for multiple IAs, and should have a more accurate load forecast (address over-procurement issues).
- No changes to the FRR at this time
- Recognize that states have different, if any, RPS (or similar) targets that should require LSEs to procure certain types of capacity by certain points in time
  - This capacity will most likely be procured in tranches over time, as opposed to all at one time to meet the legislative mandates
  - Need an approach that promotes bilateral transactions

- Explore transition from UCAP approach to a design based on availability
- Recognize that exogenous events are a reality
  - Changing resource mix
  - Illinois CEJA
  - Other legislative mandates (RPS)
  - Consumer choice

*Implore stakeholders to embrace novel approaches and concepts to redesign RPM*