Capacity Transfers from Historically Committed Resources to Network Load in Potentially Constrained Zones

Market Implementation Committee

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Estimated Historic External Resources Updated March 3, 2015

- The table below shows PJM's estimate of the aggregate quantity of historic external resources by zone, that would qualify under this approach
- Market participants would need to approach PJM and request to be qualified; PJM would provide final aggregate quantities once all are identified
- Of the potential MW identified below, approximately 50% is FRR
- None of the below zones has ever been in a constrained area in any RPM auction, and only the ComEd zone has ever been modeled as a potentially constrained LDA with a separate VRR curve

Zone	MW
DOM	122
COMED	533
AEP	261
DAY	121

Appendix: slides presented in February

Historically Committed Capacity Resources

- RPM resources external to the PJM region are currently modeled either in an external resource zone or in the rest of RTO
- This modeling does not necessarily reflect the actual Point of Receipt for transmission service commitments historically used to deliver those resources
- Some Network Load Serving Entities in PJM utilize external resources to which commitments were made before implementation of RPM
- The actual Point of Receipt for some historic transmission service commitments was inside potentially constrained areas

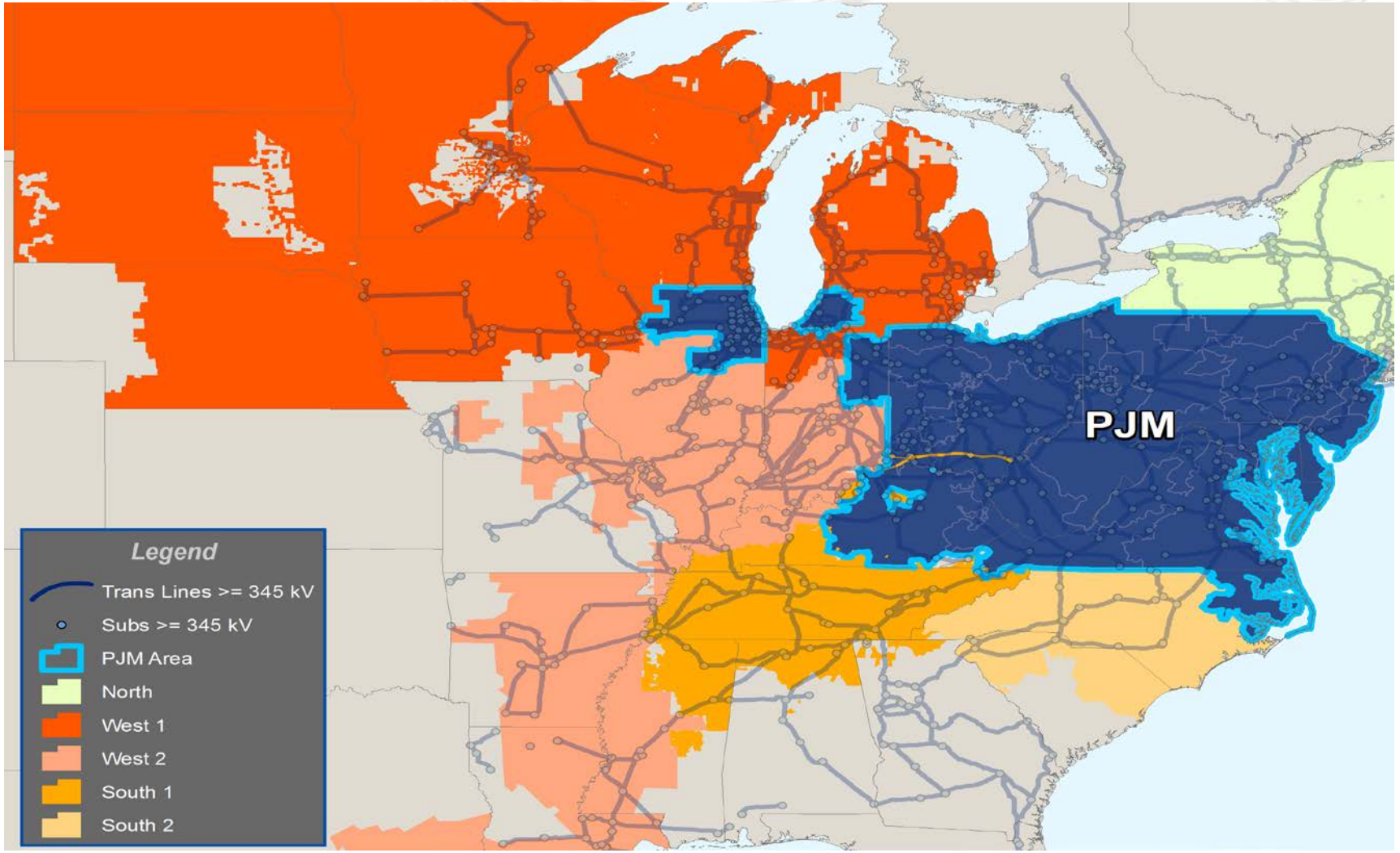
Historically Committed Capacity Resources

- Modeling such resources in the rest of RTO could expose the Load-Serving Entity to locational Capacity price differences
- Such exposure would not maintain the benefit of the historically committed resources and transmission service
- PJM proposes to explore mechanisms by which historic resource and transmission service commitments could be reflected in RPM
- Such mechanisms could be modeled after those which are used to reflect historic transmission system usage in transmission right allocations

Historic Reservations in ARR Allocation Process

- The ARR allocation process appropriately recognizes historic Firm reservations
- Energy market congestion hedge is defined by the source and sink and the MW quantity of the reservation – market participants may request an ARR from the source to the sink and up to the MW quantity of the reservation in Stage 1 of the allocation (split between 1A and 1B)
- PJM would propose that a Capacity “congestion” hedge is also appropriate for historic Firm commitments

External Capacity Resource Example



External Capacity Resource Example

- A 100 MW resource modeled in the West 2 zone would be paid $50/MW-day
- Load in the ComEd zone would receive a locational reliability charge of $90/MW-day
- PJM proposed CTR would result in a credit to the resource of:
  - ($90/MW-day - $50/MW-day) * 100MW
- If the resource is utilized by an FRR entity, the Percentage Internal Resources Required would be reduced by 100MW
- In either case, CTRs otherwise utilized in the calculation of the final charges to ComED load would be reduced by 100MW

Historically Committed Capacity Resources

- PJM would not propose to include internal resources because CTRs already provide a credit back to load in constrained LDAs
- Minimal entities are therefore impacted by this issue
- One such entity has filed for and received a FERC waiver to temporarily ensure preservation of these historic rights
- The proposed process would investigate a more generalized solution to the issue