






Gas Contingencies Cost Recovery

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| Action Required | Deadline | Who May Be Affected |
|--|--|--|
| Comments/Revisions Requested | 07/17/2019 | All stakeholders |
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Gas
Contingencies
Operating
Instruction

- In December, 2017, stakeholders endorsed revisions to PJM Manuals 03 and 13 to address issuance of Operating Instructions (as defined by NERC) for gas contingencies that would result in switching fuel sources (e.g., alternate pipeline) or fuel types (e.g., gas to oil).

Problem
Statement to
Develop
Compensation

- In January, 2018 stakeholders endorsed a Problem Statement & Issue Charge to develop a compensation mechanism for costs incurred by Market Sellers taking actions to follow a Gas Contingencies Operating Instruction.

Compensation
Proposal

- In December, 2018, stakeholders endorsed a compensation proposal that defined specific costs to be filed with FERC for acceptance. PJM filed its proposal on December 21, 2018 in Docket No. ER19-664.

- On February 21, 2019, the Commission rejected PJM's filing without prejudice (166 FERC ¶ 61,115).

Objective 1

- Explicitly state the “conditions or events” impacting natural gas (as opposed to electric) infrastructure that would lead PJM to issue a switching instruction.
 - Paragraphs (i), (ii)

Objective 2

- Replace the defined cost buckets with a direct “but for” test to encompass all costs that would not have been incurred “but for” the generator’s compliance with the switching instruction.
 - Paragraph (iii)

Objective 3

- Incorporate by reference all potentially applicable gas tariffs/rate schedules/contracts in the PJM Region, and use this incorporation as the basis for ensuring applicable pipeline/LDC authorization.
 - Paragraphs (iv), (v)

Objective 4

- Respect the penalty structure of each potentially applicable gas tariff/rate schedule/contract in the PJM Region.
 - Paragraphs (iv), (v)

| | MIC | MRC | MC |
|-------------|------------|------------|-----------|
| First Read | 7.10.2019 | 7.25.2019 | |
| Endorsement | 8.7.2019 | 8.22.2019 | 9.26.19 |

- Please send comments/revisions to:

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