

AD21-10 – Comments to PJM from ODEC

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Question 1:

We don't believe any new services are required in PJM. The existing energy pricing structure rewards resources that respond to short-term needs that are indicated through LMP and ancillary service markets. PJM might need additional resources but the pricing structure is already in place to support and incent resources with the needed attributes.

In the current energy market, gas balancing is not adequately included in cost-based offers. PJM needs to find a way to compensate gas fired generation for gas balancing services in cost-based offers to permit generators to offer greater flexibility. The gas balancing will be needed to support the increased penetration of renewables.

Question 2:

The current process for generation retirements do not always provide for orderly retirements. There have been examples where generators have announced retirements with insufficient lead times to plan and construct the needed transmission upgrades. Conversely, we have also observed the behavior of a generator announcing retirement, the TOs constructing the required upgrades, and later learning that the generator has elected not to retire.

Question 3:

We feel the existing market design adequately addresses the changing system needs over the next 5-10 years.

Question 4:

See above.

Question 5:

The existing capacity construct has clearly incentivized the need for new generation over the last few decades. We don't envision anything dramatically different going forward that would materially disrupt the current design objectives.

Question 6:

We must be careful in applying the substitution principle when co-optimizing resources to prevent the creation of prices that are no longer just and reasonable.

Question 7:

Consider whether the implementation of Capacity Performance rules need to be revisited and possibly improved. For example, consider whether load management resources should be a trigger for a Performance Assessment Interval. It is anticipated that load management might be a useful operational tool as the resource mix evolves.

Question 8-9

No response.

Question 10:

We believe the Commission should continue efforts to improve coordination in operations and planning between the natural gas and electric industries. Additionally, performance as well as cyber and physical security standards, similar to BES standards, need to be seriously considered for well-head gas, gathering and processing facilities, compressor stations, and natural gas pipelines to ensure the reliable delivery of fuel to our nation's gas dependent electric generating assets especially during periods of future extreme weather. We recognize that PJM doesn't have jurisdiction over gas markets, but we believe that PJM should continue to take a leadership role in lobbying for these changes at FERC and elsewhere.

Question 11:

No response.