



# Overview – Capacity Performance Compliance Filing

Market & Reliability Committee  
June 25, 2015

<b>Compliance Directive</b>	<b>Intended Compliance</b>
Remove “to the satisfaction of PJM” regarding review of CP offers, and modify such that PJM will reject offer only if resource “fails to demonstrate it can reasonably be expected to meet CP obligations consistent with the resource’s offer by relevant DY.”(¶ 92)	PJM will remove the indicated language from OATT, DD, §5.5A(a)(ii)(B) and modify the language as directed.
Remove Sell Offer Representations (¶ 95)	PJM will remove the Sell Offer representations proposed in OATT, DD §5.5A(a)(i)
Revise representation for external resources to be an eligibility requirement (¶ 97)	PJM will move the language proposed as a representation in OATT, DD § 5.5A(a)(i)(C), to paragraph of §5.5A(a).

Compliance Directive	Intended Compliance
<p>Clarify that Intermittents, Storage, DR &amp; EE capacity resources can submit CP Sell Offers as stand-alone (and not only as aggregated) (§ 100)</p>	<p>PJM will make this clear by adding language to OATT, DD, §5.6.1(h)</p>
<p>Modify to allow environmentally limited generators to aggregate along with Intermittents, Storage, DR &amp; EE and clarify requirements for aggregation across companies (§ 101)</p>	<p>PJM will add this in to OATT, DD, §5.6.1(h), add a definition of environmentally limited to OATT, DD, §2, and will clarify that aggregation across companies will be through bilateral transactions that are logged in eRPM.</p>

<b>Compliance Directive</b>	<b>Intended Compliance</b>
Remove the monthly stop loss (§165)	PJM will delete language related to the monthly stop loss from OAA, DD, §10A
Clarify that it will not be an excuse from non-performance charges “if a capacity resource is not scheduled by PJM due to any operating parameter limitations submitted in the resource’s offer” and “if a capacity resource is not scheduled by PJM after submitting a market-based offer higher than its cost-based offer but would have been scheduled if its MB offer had been equal to its CB offer” (§§ 167, 173)	PJM will modify the language in OATT, DD, §10A(d) as provided by FERC.

## Compliance Directive

Clarify the definition of Net Energy Imports (¶ 178)

Clarify that a capacity resource's expected performance for any PAH will not exceed 100 percent of cleared UCAP or explain why the absence of this statement is just & reasonable. (¶ 178)

## Intended Compliance

PJM will revise OATT DD, §10A(c) to clarify that "Net Energy Imports" will be included in the Balancing Ratio calculation only for PJM system-wide emergency events.

PJM will cap the expected performance at 100 % by adding language to OATT, DD, §10A(c)

<b>Compliance Directive</b>	<b>Intended Compliance</b>
<p>Clarify how PJM will apply performance assessment calculation to external resources with and without capacity commitment when an Emergency Action is triggered PJM-wide (¶ 178)</p>	<p>PJM will revise OATT DD, §10A(c) to clarify that Actual Performance and Expected Performance will be calculated for External Generation Capacity Resources during PJM system-wide emergency events, and that Actual Performance also will be calculated for entities that import energy (on a net basis) into PJM (other than from external capacity resources) during such events.</p>

## Compliance Directive

## Intended Compliance

Clarify Non-Performance assessment for resources cleared as part Base Capacity and part CP will be assigned first to CP than to the Base Capacity (¶ 181)

PJM will so clarify in OATT, DD §10A.

Clarify that only the higher of PHPA or Non-Performance Charge will apply for cleared CP MWs in the transition years. (¶ 185)

PJM will revise OATT DD, §10(a) to clarify that parties subject to both the PHPA Charge and the Non-Performance Charge for the same event during 16/17 or 17/18 DYs will pay only the higher of the two charges.

<b>Compliance Directive</b>	<b>Intended Compliance</b>
<p>Modify to add an annual stop-loss of 0.5MW for each MW of non-performance in a DY for FRR Entities choosing the physical Non-Performance assessment. (§ 208)</p>	<p>PJM will add the annual stop loss to RAA, Schedule 8.1.</p>
<p>PJM must derive and include a comparable Non-Performance Charge for the physical repayment option in terms of additional capacity per MWh of non-performance (§ 209)</p>	<p>PJM will include a methodology for calculating a non-performance assessment for the physical option as directed by FERC. Such methodology is currently under development.</p>



Compliance Directive	Intended Compliance
<p>Modify so that FRR Entities will be able to elect the financial or physical repayment option at the start of a DY rather than at the time it submits its plans. (§ 210)</p>	<p>PJM will make this change in RAA, Schedule 8.1, adding a new section 3 to paragraph G.</p>
<p>Modify to apply the CP rules to FRR Entities only after the conclusion of the FRR plans to which these entities are currently obligated as of the date of the order. (§ 212)</p>	<p>PJM will modify its FRR rules to clarify CP will not apply until the 19/20 DY. PJM will make conforming changes to other areas of the tariff to ensure non-CP rules that were to be sun-setted as of the 2018/2019 DY will remain in effect for FRR Entities until 19/20 DY.</p>

Compliance Directive	Intended Compliance
<p>Modify to allow Base Capacity to include quantifiable risk premium to any unit-specific Avoidable Cost Rate (“ACR”) for Market Seller Offer Cap. (¶ 353)</p>	<p>PJM will modify its proposed quantifiable risk in OATT DD, §6.8 to ensure it also can be used by Base Capacity.</p>
<p>Clarify quantifiable risk determination as it may be “insufficiently narrow to permit resources to include quantifiable and reasonably-supported risks in [ACR].” (¶ 353)</p>	<p>PJM will revise the CPQR definition in OATT DD, §6.8 to provide that risk premium must be “quantifiable and reasonably supported,” including through reliance on risk management practices otherwise used by the seller.</p>

<b>Compliance Directive</b>	<b>Intended Compliance</b>
Remove modifications that redefined Planned and Existing Generation Capacity Resources (¶ 356)	PJM will remove all such proposed changes in the RAA, § 1.
Modify default Market Seller Offer Cap to be Net CONE times the balancing ratio (¶ 341)	PJM will make this change in OATT DD, § 6.4.

<b>Compliance Directive</b>	<b>Intended Compliance</b>
Modify RPM credit provisions to include milestones for reducing credit as proposed by Panda Power Fund. (¶ 382)	PJM will include milestones as suggested by Panda in OATT, Attachment Q, §IV.
Modify to use Net Cost of New Entry (“CONE”) of the Locational Deliverability Area in calculating credit, rather than the Net CONE for the PJM Region. (¶ 383)	PJM will make this change in OATT, Attachment Q, §IV.

## Compliance Directive

Modify OA so that parameter limits included in CP offer reflect not only the unit-specific physical constraints, but also the actual operational limitations of the resource type. Also modify OA, Schedule 1, §6.6(b), (f)(iv) and (g)(iii) with language provided by FERC. (¶ 437)

## Intended Compliance

PJM will modify § 6.6(b), (f)(iv) and (g)(iii) of OATT, Attachment K-Appendix and OA, Schedule 1 to indicate that parameter limits are based on actual operational limitations rather than limits solely based on the physical operating capabilities of the generator.

## Compliance Directive

Clarify that make whole payments are allowed if a unit is operating within its actual constraints; resource only deemed ineligible for make-whole payments if it operates outside actual constraints faced by the resource.  
(¶ 440)

## Intended Compliance

PJM will modify § 3.2.3(e) of OATT, Attachment K-Appendix and OA, Schedule 1 to reflect that a Market Seller with resource that operates outside of its unit-specific parameters will not receive Operating Reserve Credits nor be made whole for such operation unless the Market Seller can justify that operation outside of the parameters was the result of an actual constraint.

## Compliance Directive

Add a process for a resource operating outside of its PLS to be able to seek and justify operation outside of parameters due to actual constraints.  
(¶ 440)

## Intended Compliance

PJM will modify § 3.2.3(e) of OATT, Attachment K-Appendix and OA, Schedule 1 to incorporate a process for a Market Seller to use to justify resource's operation outside of the parameters was due to an actual constraint, thus should be eligible for make-whole payments.

Compliance Directive	Intended Compliance
<p>Add timelines and other details for evaluating all physical parameter limits based on manufacturers' specifications as well as other factors. (§ 443)</p>	<p>PJM will modify § 6.6(b) of OATT, Attachment K-Appendix and OA, Schedule 1 to incorporate deadlines for submission of request of adjusted unit-specific parameters, provide details about what PJM will consider in its determination, and the process for submitting a request.</p>
<p>Remove proposed restriction which would preclude CP resources from using Maximum Emergency Offers during Emergency Actions and Hot or Cold Weather Alerts. (§ 479)</p>	<p>PJM will modify § 1.10.1A(d) of OATT, Attachment K-Appendix and OA, Schedule 1 to eliminate this proposed limitation.</p>