



# Deactivation Rule Enhancements Problem Statement & Issue Charge

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Markets & Reliability Committee  
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- Deactivation Rules are primarily contained in Part V of the Open Access Transmission Tariff (Tariff)
- Given the energy transition, PJM and the IMM anticipate there will be many deactivations starting in the near term and over the coming years
- PJM and the IMM are concerned there is a lack of clarity around compensation, and also believe there could be enhancements to other of the rules to be in a better position to handle the anticipated deactivations

- Clarity could be enhanced around
  - **Compensation** – current rules provide a choice between formulaic Avoidable Cost Rate or a revenue requirement filing with FERC
- Additional enhancements can be made around
  - **Deactivation Timeline** – current rule requires only 90 days advanced notice of deactivating
  - **Trigger for PJM asking a resource to continue to operate beyond requested deactivation date** – current rule limited to instances where there is a transmission system reliability issues that can not be resolved prior to the requested deactivation date
    - To the extent a new trigger(s) is adopted, cost allocation could be implicated for such a new trigger(s)

- At July MRC, PJM and the IMM proposed conducting the work under a CBIR Lite process
  - Overarching objective of proposing CBIR Lite was to address compensation in short order so that it can be in place before the volume of anticipated deactivation requests occur
  - Other enhancements are also important however can be considered on longer timeline
- We heard feedback that the CBIR Lite process was not appropriate for the scope of work identified.
- As a result, PJM and the IMM are proposing phasing the work.

Phase I	Phase II
Compensation	Deactivation Timeline Triggers Rules

- Phase I, being much more narrow in scope, is anticipated to conclude at the senior task force level in 4 months.
  - Interest identification and education may be specific to Phase I
  - The phasing is to allow for a vote on Phase I issues, with the potential for a FERC filing to effectuate any associated changes, before we complete the Phase II issues
- Phase II will begin once Phase I work is completed at the senior task force level and is anticipated to conclude within 6-8 months at the senior task force.
  - Additional interest identification and education may be needed once work starts for Phase II.

- We note in the Issue Charge that modifications may be to more than Tariff, Part V
- We heard feedback that there could be a relationship with the capacity market reliability back stop in Attachment DD of the Tariff and other capacity market rules
  - We added an education item on the reliability back stop;
  - Because PJM and the IMM do not believe capacity market issues should be addressed in this forum, we note that any capacity market issues identified will be assigned to an appropriate stakeholder group

- We heard feedback that we should address when a request for a unit to continue operating beyond its deactivation date should terminate
  - We added an in scope item to capture this
- We heard feedback that we should address how a resource operating beyond its desired deactivation date will clear in the stack
  - We added an in scope item to capture this
- We heard feedback about resource adequacy being considered as a trigger.
  - Some advocated that we explicitly include that in scope; some advocated that we explicitly include that as out of scope
  - We added resource adequacy as out of scope as we believe the issue is addressed elsewhere in the Tariff



- We will create the Deactivation Enhancements Senior Task Force (DESTF)
- If Issue Charge endorsed today; first meeting anticipated for September 13
  - Review Issue Charge
  - Review Senior Task Force Rules and CBIR Process
    - Signing up for DESTF Roster and Emails
  - Begin Education on High Level Deactivation Process and Compensation
  - Begin Interest Identification
- Future meetings will be held monthly



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**[Deactivation Enhancements]**



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