

PJM Staff Strawman Proposal for MIC on DER: Ancillary Services

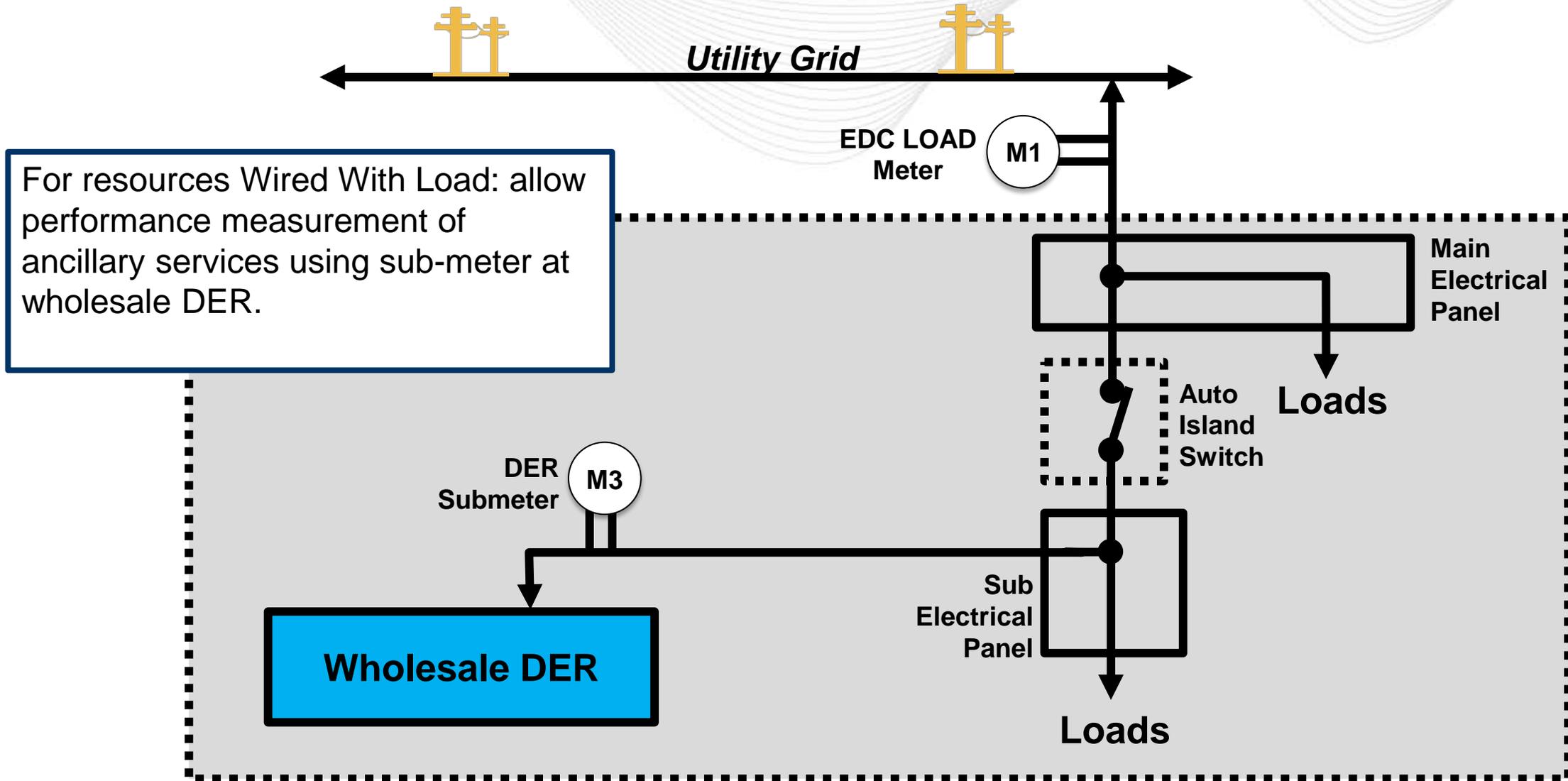


MIC Special Sessions on DER
July 7, 2017

1. Interconnection Requirement: Generation or Demand Response?

- Generation
- Status quo: PJM queue process
 - 95% of DER are state-jurisdictional bilateral Interconnection Agreements between customer and EDC
 - Recent modifications to PJM queue process (from Planning Committee):
 - Energy-only projects have the ability to be expedited through PJM queue process without having to wait for 6-month queue to close
 - [Removal of Alternate Queue process and sharing of upgrade costs <\\$5M](#)

2. Sub-metering for Ancillary Services



- Generation status quo:
 - Resources can aggregate at “Same electrical location”.
 - Aggregation generally organized through the interconnection process.
 - Further discussion needed on the business rules for this process
 - Each point of interconnection generally gets its own separate interconnection study, especially if at different transmission buses.
 - As with any generator, can use third-party marketer.
 - Must meet 100 kW minimum size threshold.

- Proposal based on generation framework and rules
 - Entirely “status quo” for DER “wired alone” — proposed changes only apply to DER “wired with load”.
1. DER comes through PJM queue but interconnection agreement is almost always with the EDC
 - **Approved EDC interconnection is required for market participation**
 2. Sub-metering for ancillary services
 3. Status quo for aggregation: “same electrical location”, must meet 100 kW minimum size threshold

4. PJM would explicitly not prohibit owner of PJM Generation MW from serving its own on-site end-use load, including non-station power loads.

Considerations as a result of this policy:

- Are load addbacks needed?
 - PJM planning purposes (PJM jurisdiction)
 - Transmission cost allocation (state jurisdiction)
 - Capacity cost allocation (state jurisdiction)
- How do addbacks affect the aggregation process? DER wired with load needs to be associated with a load meter ID...different than gen process today.
- **To Be Considered in Next Stages of Process – Energy (and then Capacity).**