



# Update of Transition Mechanism for Generating Unit Capability Verification Test Procedure Changes

MC Webinar  
April 21, 2014

- 3/28/2014 PJM filing of stakeholder-endorsed transition mechanism for generators affected by changes to generating unit capability verification test procedures
- Mechanism covers capacity commitment shortfalls resulting from the revised test procedures for 14/15, 15/16 and 16/17 delivery years
- To qualify, gen owners required to provide revised summer capability test results meeting the new requirements for the 2011, 2012 and 2013 summer periods by 4/1/2014
- Affected gen owners could elect to cure the shortfall using transition mechanism
- Owners electing transition mechanism do so for all affected units and for any affected delivery years with notification for 14/15 DY by 4/1/2014; 15/16 DY by 5/30/2014; 16/17 DY by 7/25/2014
- If elected, each affected unit's existing capacity commitment is reduced by the UCAP MW equivalent of the ICAP impact of the test procedure changes

- By the 4/1/2014 deadline, PJM received updated test results for 15 steam generating units
- Total ICAP MW impact of 95.6 MW
- 2014/15 UCAP MW impact of 94.6 MW with 9.3 MW electing transition mechanism
- 2015/16 UCAP MW impact of 93.4 MW (5/30/2014 election deadline)
- 2016/17 UCAP MW impact of 92.9 MW (7/25/2014 election deadline)

- Owners of affected units must verify MW impact of new M21 requirements by providing revised summer capability test results meeting the new requirements for the 2011, 2012 and 2013 summer periods by 4/1/2014.
  - The highest revised test value from the 2011, 2012 and 2013 summer periods must be less than unit's existing CIR MW value and RPM ICAP MW value.
  - Unit must be either a hydro unit, pumped storage unit or steam generating unit that had not previously been providing PJM with summer capability test data consistent with the revised M21 requirements.
- Affected unit ICAP MW value is updated in RPM system and set equal to the highest revised test value from the 2011, 2012 and 2013 summer period.

- ICAP update in RPM is made effective 6/1/2014 which may result in capacity commitment shortfall for any affected unit having an RPM commitment in any of the 2014/15, 2015/16 or 2016/17 delivery years.
- Owner may choose to maintain responsibility for providing replacement capacity to cure the shortfall of each affected unit as per status quo; or may elect instead to use proposed transition mechanism described below:
- Owners electing transition mechanism do so for all affected units and for any affected delivery years
  - Notification for 14/15 DY by 4/1/2014
  - Notification for 15/16 DY by 5/30/2014
  - Notification for 16/17 DY by 7/25/2014
- If elected, then each affected unit's existing capacity commitment is reduced by the UCAP MW equivalent of the difference between the unit's initial ICAP MW value and the unit's updated ICAP MW value.

- Since commitment quantity associated with M21 change is removed:
  - Shortfall and need for owner to obtain replacement capacity is eliminated.
  - RPM auction credits associated with reduced commitment are relinquished.
  - RPM locational reliability charges paid by load reduced accordingly.
- PJM will offset the total reduction in capacity commitment level associated with election of this option by applying a corresponding adjustment to the quantity that PJM would otherwise seek to procure or release in incremental auctions.
  - For example, if the total UCAP MW impact of electing this option is 300 MW for the 2015/16 delivery year, then PJM will reduce any required PJM sell offer quantity into an IA for that delivery year by 300 MW or increase any required PJM buy bid quantity into an IA for that delivery year by 300 MW.