

RPM: Qualifying Transmission Upgrade Credit Requirement

Includes Problem/Opportunity Statement

Issue Source

H-P Energy Resources LLC, a developer of Qualifying Transmission Upgrade (QTU) projects, is proposing this Issue Charge and accompanying Problem Statement to address the anomalous situation of the credit requirement for a QTU being a multiple of the total project cost for a QTU. The anomaly is compounded by the uniquely low performance risk of a QTU relative to other RPM resources (existing generation, planned generation and demand response):

Stakeholder Group Assignment

Credit Subcommittee.

Key Work Activities

Determine appropriate credit requirement (pre- and post-auction) for Qualifying Transmission Upgrades (QTUs) for participation in the Reliability Pricing Model (RPM) and develop requisite tariff revisions. H-P believes the existing credit requirement should be reduced but there might be other considerations that support a higher credit requirement. The appropriate credit requirement also might vary depending upon specific circumstances. The mechanism for QTUs to replace its capacity commitments in order to avoid capacity deficiency charge for non-delivery of the QTU project may also be considered.

Expected Deliverables

1. Determine appropriate credit requirement for QTUs for participation in RPM based on relevant considerations including mechanism for QTUs to replace capacity commitments.
2. Develop requisite tariff revisions.

Expected Overall Duration of Work

Given the relatively narrow scope of the issue it is expected that the Credit Subcommittee could provide the deliverables in a relatively short period of time.

Decision-Making Method

Tier 1, consensus (unanimity) on a single proposal, is preferred although Tier 2 decision making is acceptable.