Local Considerations in the Development of Net Cost of New Entry

Issue Source

PJM

Issue Content

This issue was raised at the Markets and Reliability Committee meeting just prior to the indicative stakeholder vote on the Quadrennial Review. The work is intended to address if and at what point, PJM should consider local considerations, such as state or local policy and regulations, to be accounted for in the development of the Net Cost of New Entry (CONE) for the reference resource.

Key Work Activities and Scope

1. Provide education on the following topics:
    a. Current Tariff, Operating Agreement and Manual requirements regarding the development of Net CONE
    b. Examples of current local considerations, such as state or local policy and regulations, that may need to be accounted for when developing Net CONE
    c. How other ISOs/RTOs who have capacity markets account for local considerations.
2. Discuss the need for modifications to the defined CONE Areas and the development of the Net CONE containing subareas impacted~~for such areas impacted~~ by local conditions and propose modifications, if necessary.
3. Identify, examine and develop any necessary changes to existing PJM business rules to accommodate the potential solution(s) for this issue.

Expected Deliverables

1. Proposed revisions to Manual 18.
2. Proposed revisions to PJM's Tariff and the Operating Agreement, resulting in a FERC filing.

Decision-Making Method

Tier 1

Stakeholder Group Assignment

Markets Implementation Committee

Expected Duration of Work Timeline

It is estimated this work will take 6 months. It can start in January 2023, or as a date determined by PJM stakeholders.

Start Date	Priority Level	Timing	Meeting Frequency

10/6/2022	☒High	☒ Immediate	☐ Weekly
	☐ Medium	☐ Near Term	☒ Monthly
	☐ Low	☐ Far Term	☐ Quarterly

Charter

(check one box)

☐	This document will serve as the Charter for a new group created by its approval.
☒	This work will be handled in an existing group with its own Charter (and applicable amendments).

More detail available in M34; Section 6