

RPM Related Issues

MRC Agenda Item 4

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November 16, 2011

Triennial Review

October 31 – inform Board

December 1 - modifications, if any, approved by Board and filed with FERC

MRC Charges

October 1 - NEPA filing - progress being made

December 1 – proposals filed with FERC

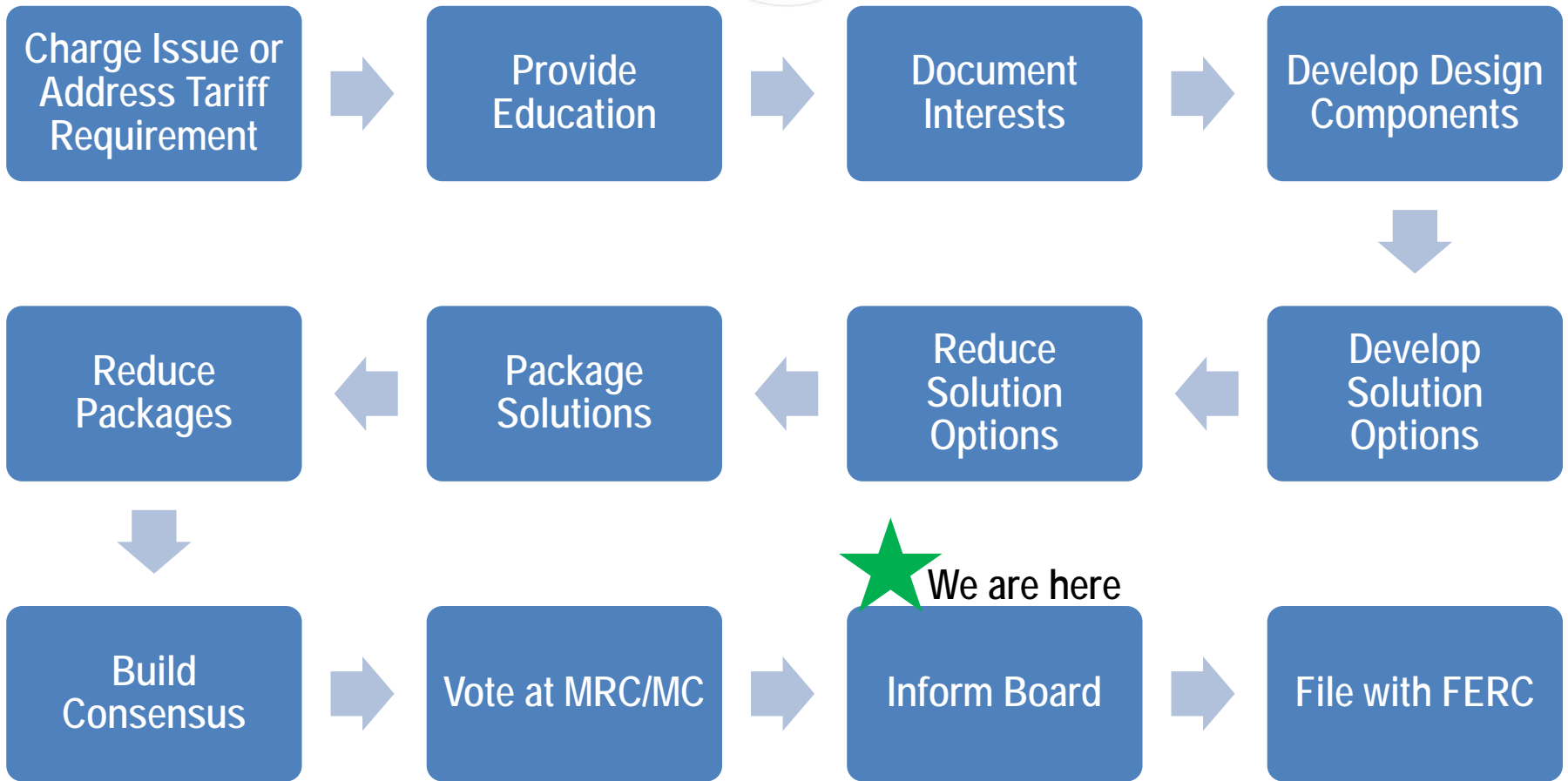
Performance Assessment

November 30 - proposals for 2015/16 BRA filed with FERC

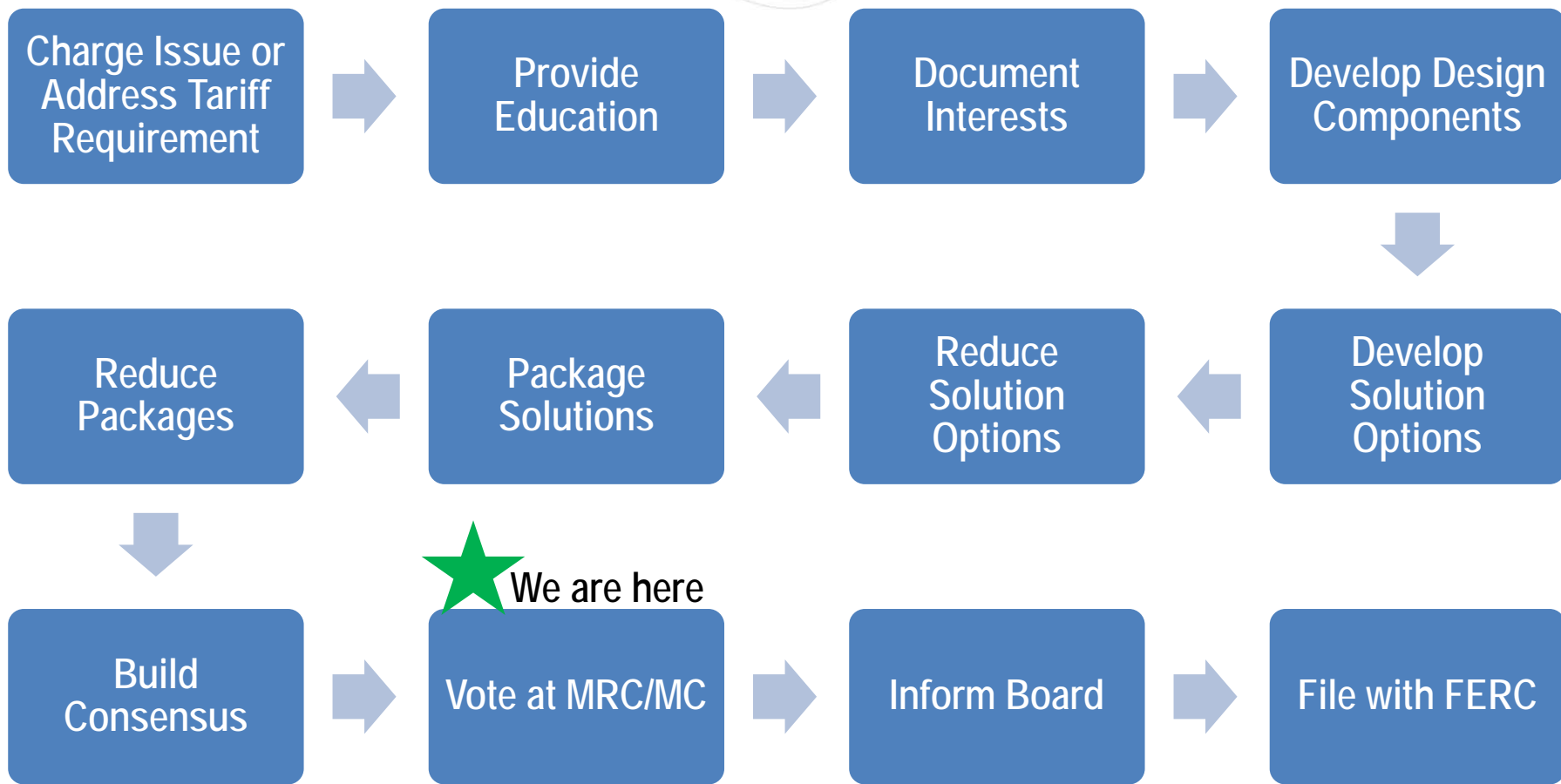
After December 1 – items identified for further stakeholder review to appropriate committees

- MRC Charge Track - Teleconference
 - June 28, June 29, June 30, July 7, July 11, July 21, August 4, August 5, and August 8
- Brattle Report Session – In Person
 - August 18
- Stakeholder Feedback – Teleconference
 - August 30 and September 9
- Full Day Meetings – In Person
 - September 12, September 14, September 26, October 7, October 14, October 25, October 26, and November 2
- Report of the stakeholder process is posted under today's meeting with active links to supporting documentation

Steps to Completion Triennial Review Track



Steps to Completion MRC Track and Performance Assessment Track



- Primary Goal - Consensus
 - Singular package recommended from the special working sessions for approval on each topic at the MRC
- Secondary Goal – Minimal Packages
 - Limited number of packages proposed from the special working sessions for vote on each topic at the MRC
- 3/2 Rule – Alternate Advancement
 - Any package with the support of three voting MRC members from at least two different sectors will be forwarded to the MRC in the process summary
- Alternate Proposal
 - Any package may be forwarded by a voting member and can be moved and seconded for consideration

- NEPA
 - Tariff Clarifications
- FRR
 - Package 2
 - 3/2 Proposal – Status Quo
- Self Supply
 - Package 2
 - 3/2 Proposal – Status Quo
- MOPR Exception Process
 - Package 3
 - 3/2 Proposal – As Filed at FERC (5/12/11)
 - 3/2 Proposal – Package 3b
- EAS Offset for MOPR Screen
 - Same method as VRR curve
 - 3/2 Proposal – Status Quo
 - 3/2 Proposal – CONE Modification

Voting Topics

Performance Assessment Track

- CETL
 - PJM Proposal
- Load Forecasting
 - PJM Proposal
- Short-term Resource Procurement Topic
 - Status Quo
 - Package 1
 - Package 2

MRC Track Voting

- As posted under the November 2, 2011 MRC
- Clarifications only

- Modify existing FRR to allow partial election
- Limit the ability of an LSE to partially elect FRR in a zone by Delivery Point(s) in a zone for the purposes of using a Planned Generation Capacity Resource, which would have otherwise been subject to restrictions under section 5.14(h) in an RPM Auction, as self supply in the FRR plan as long as specific conditions are satisfied

- Partial FRR not allowed

- Enable planned resources to qualify for Self Supply
- Allow assured clearing that is not intended to manipulate clearing prices based on specific considerations

- No Self Supply provision

- As filed at FERC (5/12/11)
- Allow assured clearing that is not intended to manipulate clearing prices based on specific considerations as in the Self Supply package 2

MOPR Exception Process 3/2 Proposal – As Filed at FERC

- Standard for exception is whether a sell offer is consistent with the competitive, cost-based, fixed, nominal levelized, net cost of new entry were the resource to rely solely on revenues from PJM-administered markets

MOPR Exception Process 3/2 Proposal – Package 3b

- Allows planned generation to offer as Self Supply if five LSE conditions are met – outlined in the report with active link to tariff language
- Same as Package 3 but limit exceptions to:
 - Allow for upgrades, such as a process upgrade, at existing units without limitation;
 - Allow for unit additions at existing plant up to a pre-defined threshold;
 - Allow all renewable projects (e.g. landfill, biomass, etc);
 - Allow exception for certain MW amount tied to the size of the LDA; and,
 - Allow for unit replacement generation at existing site.

EAS Offset for MOPR Screen Same Method as VRR Curve

- Methodology would utilize a combination of Day-ahead and Real-time Energy Market revenues to better reflect actual dispatch operations

EAS Offset for MOPR Screen 3/2 Proposal – Status Quo

- Real-time Energy Market prices

EAS Offset for MOPR Screen 3/2 Proposal – CONE Modification

- Methodology would utilize a combination of Day-ahead and Real-time Energy Market revenues to better reflect actual dispatch operations
- Real levelization of Gross CONE (out-of-scope)

Performance Assessment Track Voting

- CETL forecasts – perform analysis at the end of each RTEP cycle after baseline upgrades are added to the case
- CETL ranges – perform more extensive scenario analysis as part of the RTEP – under consideration at RPPTF
- CETL model – cases are available and a “mean dispatch” case for each LDA will be provided
- Successive limiting elements – determine limiting element for each LDA – those with a significant margin will not be calculated – assume no change in the impedance of the network model to calculate the next limiting facility

- Currently utilize 90/10 and 50/50 loads – scenario analysis under discussion at the RPPTF
- Provide updates based on latest economic data available and provide updated zonal coincident peaks

- Total reliability requirement
 - Defer 2.5% for IAs
- Minimum annual resource requirement
 - Defer 2.5% for IAs
- Minimum extended summer resource requirement
 - Defer 2.5% for IAs

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 - Procure full amount in BRA
- Minimum extended summer resource requirement
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Alternate Proposals

- Differences from current NEPA:
 - Five year duration rather than three year
 - Remove trigger except that the resource must clear
 - Planned units subject to MOPR and would clear in year 1 BRA
 - Offers in years 2 to 5 would equal that of year 1
 - Sunset in 3 years or when a long-term auction is implemented – whichever occurs first

- Subset of package 3
- Maintains provisions currently filed with FERC
- Adds the following:
 - “Allow for an entity exception based on a predetermined very high percentage of the entity's obligation being fulfilled with its own generation or under contract. Contracts serve as a portion of the obligation fulfillment percentage only and would need to have been in place for x years prior to and x years beyond the delivery year in question.”