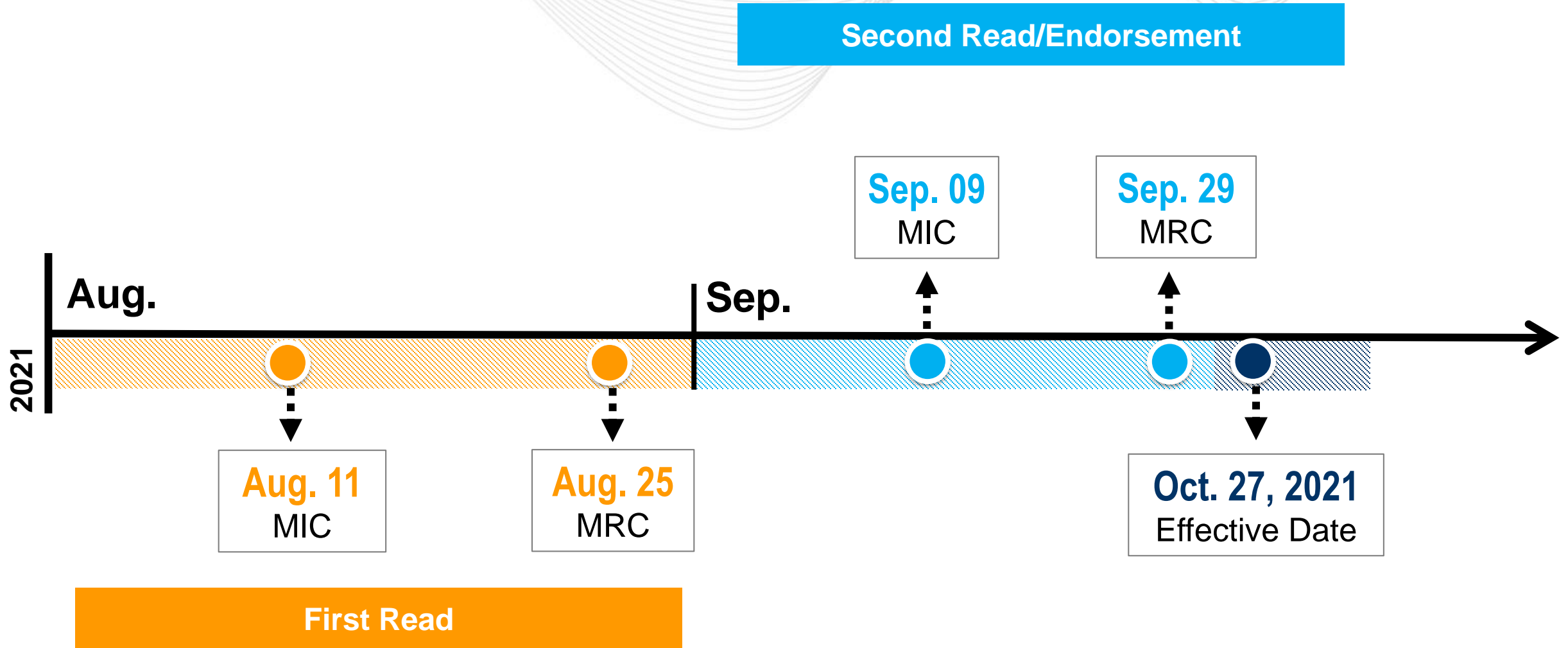


# Updates to Regional Transmission and Energy Scheduling Practices

Christopher Pacella,  
Sr. Lead Analyst, Transmission Service Dept.  
Markets & Reliability Committee  
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Next month, the MRC will be asked to endorse updates to the PJM Regional Transmission and Energy Scheduling Practices

- Minor clarifications related to the 2019 OASIS Refresh project
- Minor updates as part of a general review
- Updates related to the North American Energy Standards Board's (NAESB) Wholesale Electric Quadrant (WEQ) v3.2 Business Practice Standards – effective October 27, 2021



- **Review of Non-Impactful Regional Practices Modifications**
- Review of Impactful Regional Practices Modifications
  - PJM's Response to the Preemption Requirements
  - Review of Preemption-related Regional Practices Modifications

## General Updates

- New definitions added
- Quality review/cleanup - fixed outdated references and streamlined business practice language
- Removed duplicate language already captured in other PJM Manuals and governing documents (Sections 1.3, 1.3.2.3, 1.3.2.4, 1.5.1, and 1.17)
- Split a single set of Redirect language in the Short-term Firm section to separate language for both the Long-term Firm and Short-term Firm sections (Sections 1.2.5 and 1.3.2)
- Expanded introduction to Short-Term Non-Firm Point-to-Point section (Section 1.4)

## Transmission Service Timings (Section 1.6)

- Added Spot-In Product Customer Confirmation deadline
- New Footnotes:
  - Clarified that the Latest Request time can be earlier than stated when the resulting Customer Confirmation deadline falls after the start of service
  - Described when different Customer Confirmation deadlines apply
  - Clarified that the Spot-In Automatic Release of Service deadline switches between “Day Before” and “Day Of” at 23:00 EPT, one day prior to the start of service

## Documenting Current Practices

- Added the Network Firm Load Transmission Product (Sections 1.1.3 and 1.5.5)
- Clarified that PJM rejects REBID requests (Sections 1.1.5, 1.14, and 1.15)
- Specified that Long-term Firm (LTF) requests must start on the first day of the month (Section 1.2)
- Clarified that PJM does not permit waiving rollover rights (Section 1.2.1)
- Clarified actions taken for PJM-initiated deferrals of LTF requests (Section 1.2.4)
- Clarified that LTF requests may preempt monthly Short-term Firm (STF) reservations and that PJM respects the Congestion Management Process Master Document when evaluating STF requests (Section 1.3)
- Specified that the Resale transaction OFFER\_INCREMENT must match the SERVICE\_INCREMENT (Section 1.12.1)



## Documenting Current Practices

- Clarified that Pre-Confirmed status is not required for Renewals (Section 1.13)
- Clarified when service annulments are permitted and how requests for early terminations are evaluated (Section 1.20)
- Clarified that Coordinated Requests must have the type “ORIGINAL” (Section 1.22.1)
- Clarified when Transmission Customers can request the reduction of a Coordinated Request (Section 1.22.2)
- Specified that PJM implements interchange scheduling on a 15-minute interval granularity (Section 2.2.2)
- Clarified that Transmission Service Sharing Requests are now accommodated via the ExSchedule tool (Section 2.2.7)



- Review of Non-Impactful Regional Practices Modifications
- **Review of Impactful Regional Practices Modifications**
  - **PJM's Response to the Preemption Requirements**
  - **Review of Preemption-related Regional Practices Modifications**

- Quick Fix solution separate from NAESB 3.2 compliance filing
  - Modifies the PJM Tariff via 205 Filing to exclude non-firm preemption entirely - preferred outcome
  - Operating Committee Presentation - July 15, 2021
  - Markets Reliability Committee / Members Committee Presentations – July 28, 2021
- NAESB 3.2 compliance filing (filed with FERC on July 27, 2021)
  - Stakeholder notification at MC Webinar - June 21, 2021
  - Streamlined implementation of the Preemption-ROFR process if PJM's preferred option is not successful
  - **Implementation requires new Regional Practices language**

## Transmission Service Timings (Section 1.6)

- NAESB modified the applicability of Customer Confirmation deadlines
  - Existing deadlines:
    - For service reserved **day-ahead**, the customer has 30 minutes
    - For service reserved in **real-time**, the customer has 5 minutes
  - New deadlines (regardless of PJM's 205 filing outcome):
    - For service reserved **more than 8 hours prior to start**, the customer has 30 minutes
    - For service reserved **within 8 hours prior to start**, the customer has 5 minutes

## Preemption Deadlines

- **Short-term Firm (STF)** service becomes ineligible for preemption at 09:00 EPT, one day prior to the start of service (Section 1.3)
- **Non-Firm PTP** service becomes ineligible for preemption at 13:00 EPT, one day prior to the start of service (Section 1.4.1)

## Preemption Types

- **ACCEPTED Preemption** (existing rules – Sections: 1.3, 1.4.1.1, 1.5.2, and 1.5.3 )
- **CONFIRMED Preemption, without Right of First Refusal (ROFR)** (Sections: 1.2.5.1, 1.3.2.1, 1.4.1.2, and 1.5.2)
- **CONFIRMED Preemption, with ROFR** (Section 1.4.1.3)

## PJM-specific Preemption-ROFR Process

- Only hourly Non-Firm PTP reservations will have ROFR (Section 1.4.1)
- ROFR Defenders (Section 1.4.1.3)
  - Defenders must submit ROFR profiles in advance of preemption events
  - ROFR profiles can be created/modified up until the preemption deadline
  - Defenders may decline exercising ROFR by specifying a 0 MW profile
  - PJM performs ROFR evaluation instantaneously upon submission of a Challenger request
  - PJM will add matching intervals before and after the existing Defender profile in an attempt to overlap and match the Challenger

SME/Presenter:  
Chris Pacella

[christopher.pacella@pjm.com](mailto:christopher.pacella@pjm.com)

## **Regional Transmission and Energy Scheduling Practices Updates**



### **Member Hotline**

(610) 666 – 8980

(866) 400 – 8980

[custsvc@pjm.com](mailto:custsvc@pjm.com)

# Updates to Regional Transmission and Energy Scheduling Practices: **Supporting Materials**



- **Transmission Service evaluation delays**
  - Non-firm evaluation engine processes requests instantaneously
  - Preemption-ROFR introduces unmanageable delay potential
    - More than 2 hours for hourly Challenger requests
    - More than 24 hours for daily Challenger requests
  - Delays compound when multiple preemption events queued
- **OASIS customer uncertainty**
  - Hourly Transmission Service at greatest risk of preemption
    - 2018-2020 over 90% of 45,000+ confirmed reservations were hourly
  - Preemption of service near Start Time exacerbates uncertainty
    - 2018-2020, 90% of reservations granted within 24 hours of Start Time, and 97% granted within 48 hours of Start Time

- **Day Ahead Market and Real-time impacts**
  - Delays in evaluating Transmission Service requests could impact timing of Day Ahead Market bid submissions
  - Preemption of confirmed service used to support Day Ahead bid could prevent customer from fulfilling position in real-time
  - Preemption of service used to support interchange schedule will result in transaction curtailment
    - Preemption-ROFR processing delays will also delay PJM's ability to issue timely curtailments
      - Less time for customers to react
      - Potential for operational impacts

- “Preemption and Right of First Refusal (ROFR)” translates to Transmission Service competition based on service duration
  - **Challenger**: new request for Transmission Service, but insufficient posted capacity
  - **Defender**: existing reservation of shorter duration with respect to the Challenger
  - **ROFR**: right of Defender to keep service by matching Challenger
- New Preemption-ROFR requirements included in North American Energy Standards Board (NAESB) version 3.2 Business Practice Standards
  - WEQ-001-025 defines detailed timing and implementation

There is insufficient ATC at 05:00 to grant 50 MW of service to the Challenger

## No Preemption

	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00
<b>Challenger</b>					50 MW					
<b>Defender</b>			100 MW							

Since the Challenger has a shorter duration than the Defender, no preemption occurs

## ACCEPTED Preemption (existing rules)

	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00
<b>Challenger</b>			50 MW							
<b>Defender</b>			100 MW							

Since the Defender has not Confirmed their service, a Challenger of equal duration can preempt 50 MW from the Defender at 05:00

There is insufficient ATC at 05:00 to grant 50 MW of service to the Challenger

## CONFIRMED Preemption Without Right of First Refusal

	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	
<b>Challenger</b>		50 MW									
<b>Defender</b>			100 MW								

Since the Defender does not have ROFR, a Challenger of longer duration can preempt 50 MW from the Defender at 05:00

## CONFIRMED Preemption With Right of First Refusal

	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	
<b>Challenger</b>		50 MW									
<b>Defender</b>		50 MW	100 MW					50 MW			

Since the Defender has ROFR, additional service can be purchased to match a Challenger of longer duration, which avoids preemption

## Common Changes

- Sections 1.3 and 1.4.1
  - Challengers must have a single capacity value for the duration of the request in order to initiate preemption
  - Challengers may opt-out of initiating preemption
  - Defenders are ranked and processed per the NAESB requirements
  - PJM will attempt to restore capacity preempted from Defenders
- Sections 1.4.1.2 and 1.4.1.3
  - ROFR Defenders prevented from matching due to capacity shortages will not be preempted
  - Preempted customers are responsible for reconciling impacted Day-ahead Bids, Tags, Resales, and Consolidation requests

## ACCEPTED Preemption

- **Short-term Firm (STF) service** (Section 1.3)
  - STF requests in ACCEPTED status may be preempted by Pre-Confirmed requests of equal duration ([existing rule](#))
- **Non-Firm Network service** (Section 1.5.2)
  - Network requests in ACCEPTED status may be preempted by Pre-Confirmed requests of equal duration ([existing rule](#))
- **Non-Firm PTP service**
  - Defenders in ACCEPTED status may be preempted by: (Section 1.4.1.1)
    - Pre-Confirmed Network requests regardless of duration ([existing rule](#))
    - Pre-Confirmed PTP requests of equal or longer duration ([existing rule](#))



## ACCEPTED Preemption (cont)

- **Spot-In service** (Section 1.5.3)
  - Defenders in ACCEPTED status may be preempted by:
    - Pre-Confirmed Network requests regardless of duration (existing rule)
    - Pre-Confirmed PTP requests of equal or longer duration (existing rule)
    - Pre-Confirmed Spot-In requests of equal or longer duration (existing rule)

## CONFIRMED Preemption, without ROFR

- **Non-Firm PTP Redirects**

- Defenders in CONFIRMED status may be preempted by Pre-Confirmed Network, Point-to-Point (PTP), and Spot-In requests, regardless of duration

(Sections 1.2.5.1 and 1.3.2.1)

- **Non-Firm PTP service**

- Defenders in CONFIRMED status, without ROFR, may be preempted by:

(Section 1.4.1.2)

- Pre-Confirmed Network requests regardless of duration
- Pre-Confirmed PTP requests of longer duration

## CONFIRMED Preemption, without ROFR (cont)

- **Spot-In service** (Section 1.5.3)
  - Defenders in CONFIRMED status may be preempted by:
    - Pre-Confirmed Network requests regardless of duration
    - Pre-Confirmed PTP requests of longer duration
    - Pre-Confirmed Spot-In requests of longer duration

## CONFIRMED Preemption with ROFR

- Defenders in CONFIRMED status, with ROFR, may be preempted by: (Section 1.4.1.3)
  - Pre-Confirmed PTP requests of longer duration when Defender is unwilling to match Challenger duration via ROFR