

Interconnection Reliability Operating Limit (IROL)
Critical Infrastructure Protection (CIP)

Cost Recovery
Modified Issue Charge

Market Reliability Committee

January 25, 2023

Greg Poulos (on behalf of the office of the Delaware Public Advocate)

The Request

- We would like the opportunity to learn about potential market-based compensation for IROL CIP cost recovery methods. Recently, the opportunity to learn about potential market-based solutions was denied by stakeholders at the Operating Committee.
- Currently, only one solution – by PJM – has been offered and it is a cost-of-service approach. We have a preference for market-based solutions and having the opportunity to learn about - and consider - alternative approaches.
- To allow for education to be offered and the potential for a market-based solution to be considered the current issue charge will need to be altered. Thus, we offer the included alternative issue charge and problem statement drafted by the Market Monitor and offered by stakeholders at the December Operating Committee for consideration by the Members of the Markets and Reliability Committee. (note: the only change that is requested is to allow for education and potential consideration of market-based solutions.)

Overall History

- The issue charge was initially approved in April, 2021 by the Operating Committee to start in May, 2021 with an estimated work effort of 3-6 months.
- Further action was deferred in May, 2021 to allow related actions to be addressed at FERC.
- The initiative was restarted in January 2022 with education and has been periodically presented to stakeholders at the Operating Committee throughout 2022.
- To this point, there is only one proposal (PJM's) that is in the matrix.

Relevant Recent Background

November, 2022 - The Market Monitor drafted a modified issue charge to broaden the education and the solutions permitted to consider market-based solutions. There were no comments on this proposal.

December, 2022

-A member of the PJM Industrial Customer Coalition moved to modify the issue charge and allow for education and potential market-based solutions to be considered by the committee. (Old Dominion Electric Cooperative seconded the request).

- Objections were presented prior to the vote on the alternative issue charge (including that market-based solutions should not be considered.)

- Stakeholders present at the Operating Committee voted to deny the amendment of the Issue Charge to allow for education and consideration of market-based solutions. Thus, we are bringing this request to the parent committee. (The turnaround was too quick for such a request in December.)⁴

Moving Forward

- Under the current situation:
 - We plan to seek opportunities to learn about (alternative) market-based solutions to address the problem presented. Unfortunately, under the current scenario we must do so outside of the stakeholder process. (We will endeavor to invite those that would like to participate, however, access to contact information and timing might be barriers).
 - If a proposed solution is considered of interest it will have to be offered as a separate agenda item at the MRC.
- If the MRC approves the proposed changes to the issue charge:
 - The IMM has said he has some suggestions for the matrix.
 - The IMM can provide education on why a market-based solution should be considered in this situation and why it would be in stakeholder interest to consider it.
 - There is the potential that this committee will have more options to consider.

Contact information

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