

Deactivation Rule Enhancements Problem Statement & Issue Charge

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- Deactivation Rules are primarily contained in Part V of the Open Access Transmission Tariff (Tariff)
- Given the energy transition, PJM and the IMM anticipate there will be many deactivations starting in the near term and over the coming years, and therefore the potential for the need to request some resources to continue to operate past their desired deactivation dates for reliability reasons
- PJM and the IMM are concerned there is a lack of clarity around compensation to such resources, and also believe there could be enhancements to the deactivation timeline to be in a better position to handle the anticipated deactivations

- Clarity could be enhanced around
 - **Compensation** – current rules provide a choice between formulaic Avoidable Cost Rate or a revenue requirement filing with FERC
- Additional enhancements can be made around
 - **Deactivation Timeline** – current rule requires only 90 days advanced notice of deactivating
- Previously the Problem Statement and Issue Charge also identified the triggers for PJM asking a resource to continue to operate beyond requested deactivation date as an area to address.
 - Based on feedback we have removed that from the Problem Statement and Issue Charge

- The prior iteration of the Issue Charge contemplated a phased approach to address compensation first, and then timing and triggers second.
- Based on feedback, we have removed the “triggers” from consideration
 - This includes the education around triggers as well as the out of scope item re: resource adequacy as a trigger.
- The Issue Charge now covers compensation and deactivation timeline, without phasing
 - This includes addressing the timing around how long a resource is retained beyond its requested deactivation date
- We also heard feedback around transparency and thus have included consideration of transparency in the Issue Charge

- We will create the Deactivation Enhancements Senior Task Force (DESTF)
- If Issue Charge endorsed today; first meeting anticipated for October 12
 - Review Issue Charge
 - Review Senior Task Force Rules and CBIR Process
 - Signing up for DESTF Roster and Emails
 - Begin Education on High Level Deactivation Process and Compensation
 - Begin Interest Identification
- Future meetings will be held monthly

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[Deactivation Enhancements]



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