

# PJM Compliance Bulletin

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## *CB004 NERC Standard MOD-004-1- Capacity Benefit Margin*

### General

This Compliance Bulletin is retired. It was written specifically for the Load Serving Entities in PJM, and LSEs were removed from the functional model in October of 2015.

PJM has issued this compliance bulletin in order to clarify actions required of Load Serving Entities, (LSE) to provide information to PJM. This document has been provided at the request of the PJM Reliability & Standards & Compliance Subcommittee (RSCS), and is for informational purposes only; no action on the part of any PJM Member is required.

PJM fulfills the obligations of the standard without any additional information required from, or action by, the PJM members.

### Background

As the Resource Planner, Reliability Coordinator, Balancing Authority, Transmission Operator, and Transmission Service Provider, PJM currently fulfills the requirements in MOD 004-1. PJM continues to fulfill the obligations on behalf of the PJM members.

The following standards were retired when MOD-004-1 became mandatory:

- MOD-005-0- Procedure for Verifying CBM Values
- MOD-006-0- Procedures for the Use of Capacity Benefit Margin Values
- MOD-007-0- Documentation of the Use of Capacity Benefit Margin

At the July 15, 2010 RSCS meeting, the committee discussed several requirements of MOD-004-1, that contain language referring to an LSE. Specifically:

***R3. Each Load-Serving Entity determining the need for Transmission capacity to be set aside as CBM for imports into a Balancing Authority Area shall determine that need by:***

***R3.1. Using one or more of the following to determine the GCIR:***

- *Loss of Load Expectation (LOLE) studies*
- *Loss of Load Probability (LOLP) studies*

- *Deterministic risk-analysis studies*
- *Reserve margin or resource adequacy requirements established by other entities, such as municipalities, state commissions, regional transmission organizations, independent system operators, Regional Reliability Organizations, or regional entities*

***R10. The Load-Serving Entity or Balancing Authority shall request to import energy over firm Transfer Capability set aside as CBM only when experiencing a declared NERC Energy Emergency Alert (EEA) 2 or higher.***

PJM's FERC approved Reliability Assurance Agreement (RAA) specifically addresses the determination of the Transmission capacity set aside as CBM for imports into the PJM Balancing Authority Area. As signatories to this agreement, Load Serving Entities are expressly excused from the obligation to perform any of the studies described in Requirement 3 of MOD-004-1. Similarly, PJM in its role as the BA is solely responsible to implement a NERC Energy Emergency Alert.

## **Conclusion**

This document is being issued in order to clarify that no new information, data or actions will be required of LSEs within PJM's footprint, in order to be found compliant to the approved standard MOD-004-1.

## **Document Retention**

All evidence of compliance shall be retained in accordance with the document retention requirement as stated in the applicable NERC or Regional Reliability Standard. If there is no specific data retention requirement, the data will be retained for four years.

## Development History

Revision: 5	Date: 01/24/2017
Author:	Bill Harm, Senior Consultant NERC and Regional Coordination Dept.
Reviewers:	Mark Holman, Manager NERC and Regional Coordination
Approver:	Rob Eckenrod, Chief Compliance Officer Reliability & Compliance Division
Reason for Change:	<b>This Compliance Bulletin is retired. It was written specifically for the Load Serving Entities in PJM, and LSEs were removed from the functional model in October of 2015.</b>

Revision: 4	Date: 09/11/15
Author:	Bill Harm, Senior Consultant NERC and Regional Coordination Dept.
Reviewers:	Mark Holman, Manager NERC and Regional Coordination
Approver:	Tom Bowe, Executive Director Reliability & Compliance Division
Reason for Change:	Annual Review.

Revision: 3	Date: 04/25/2014
Author:	Bill Harm, Senior Consultant NERC and Regional Coordination Dept.
Reviewers:	Brad Hofferkamp NERC and Regional Coordination.  Stephanie Monzon, Manager NERC and Regional Coordination
Approver:	Tom Bowe, Executive Director Reliability & Compliance Division
Reason for Change:	Annual Review. Reformatted to clarify the discussions at the RSCS. Language added to expand on the duties and requirements of LSEs, under the PJM Reliability Assurance Agreement. Language added to clarify that there is no action required by PJM of LSEs under MOD-004-1

Revision: 2	Date: 12/11/2012
Author:	Bill Harm, Senior Consultant NERC and Regional Coordination Dept.

Reviewers:	Rich Souder Manager, Transmission Services  Stephanie Monzon, Manager NERC and Regional Coordination  Brad Hofferkamp NERC and Regional Coordination
Approver:	Tom Bowe, Executive Director Reliability & Compliance Division
Reason for Change:	Revised as part of the annual review of compliance bulletins. Refreshed to include the effective date of MOD-004.

Revision: 1	Date: 01/11/2011
Author:	Bill Harm, Senior Consultant NERC and Regional Coordination
Reviewers:	Chris Advena Manager, Tariff Integration  Patrick Brown, Manager NERC and Regional Coordination  Brad Hofferkamp NERC and Regional Coordination
Approver:	Tom Bowe, Executive Director Reliability & Compliance Division
Reason for Change:	Revised as a part of the annual review of compliance bulletins. No changes identified.

Revision: 0	Date: 09/07/2010
Author:	Bill Harm, Senior Consultant NERC and Regional Coordination
Reviewers:	Patrick Brown, Manager NERC and Regional Coordination  Brad Hofferkamp NERC and Regional Coordination  Chris Advena Manager, Tariff Integration
Approver:	Tom Bowe, Executive Director Reliability Integration Division

Reason for Change:	This is a newly developed document.
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