



# North American Energy Standards Board (NAESB) Version 003.2 Compliance Filing Update

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- Upcoming compliance filing to incorporate, by reference, v3.2 standards into PJM Tariff
  - Filing deadline of July 27, 2021
  - Changes effective no later than October 27, 2021
  - Order No. 676-I, Docket Nos. RM05-5-025, 026 and 027
- Revisions within v3.2 standards cover numerous business areas
  - Public Key Infrastructure (PKI) cybersecurity framework
  - 15-minute interchange scheduling
  - Various transmission service topics
    - **Preemption-ROFR Process**

- Preemption-Right of First Refusal (ROFR) process
  - Competitive process which allows Challenger requests to preempt previously confirmed service of shorter duration
  - ROFR gives Defender reservations opportunity to match
  - WEQ-001-025 defines detailed timing and implementation
- PJM's Tariff does not permit most short term firm preemption
- Required processing delays disrupt PJM's automated non-firm transmission service reservation (TSR) processing engine
  - Nearly 48,000 TSRs per year granted from 2018-2020
  - Over 90% of reservations are non-firm, hourly

- Within compliance filing, PJM proposing streamlined preemption process which meets the spirit of all aspects of NAESB process
  - Collect Defender's ROFR info prior to preemption event
  - Process Preemption-ROFR events as part of normal non-firm TSR evaluation. Results available immediately.
    - No delays to processing of subsequent requests
  - When existing service is superseded, impacted customer is provided increased time to procure replacement service
- PJM's proposed implementation of Preemption-ROFR requires waiver of several NAESB v3.2 requirements
  - Requirements are timing related or mechanical in nature

- In parallel with this NAESB v3.2 compliance filing, PJM intending to submit a related 205 filing
  - Filing would extend existing Tariff language for firm TSR preemption (section 13.2) to non-firm TSR processing (section 14.2)
  - Cannot be accomplished as part of compliance filing due to needed Tariff language changes
- Although PJM's streamlined approach helps, the Day Ahead and Real-Time markets will still be impacted by preemption
  - As PJM market participants overwhelmingly prefer shorter duration transmission service products, the preemption-ROFR process creates new risk and provides little value

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## NAESB v3.2 Compliance Filing Update



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