



Preemption of Non-firm Transmission Service Quick Fix Process

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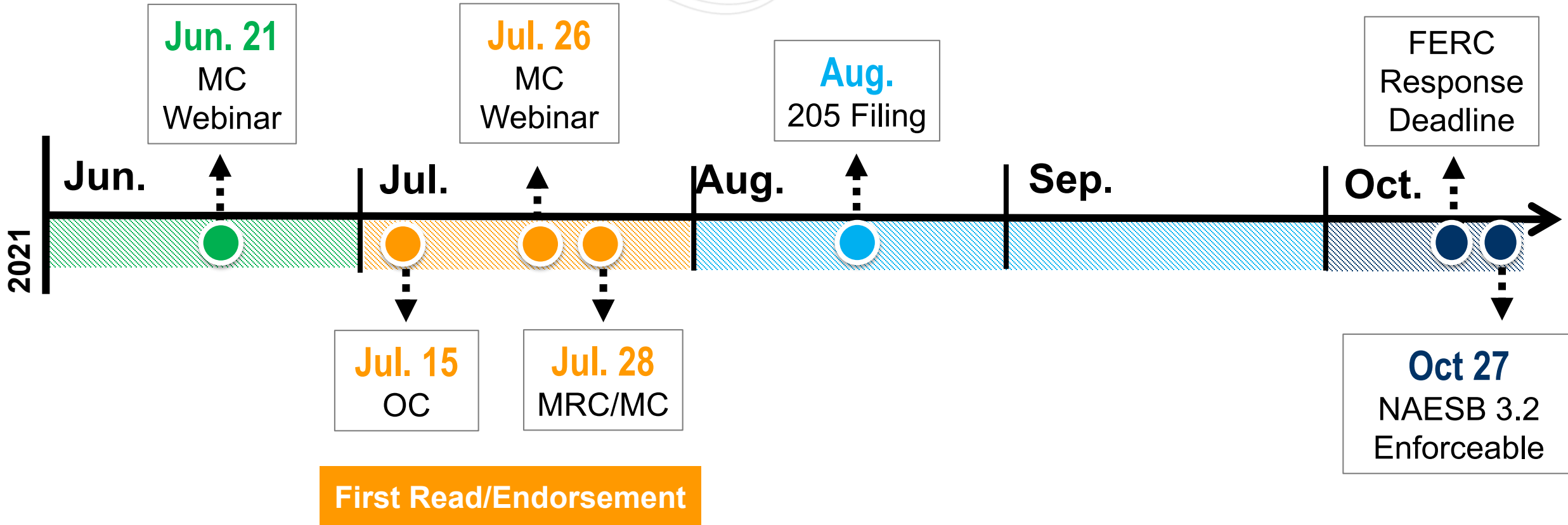
MC Information Webinar
July 26, 2021

- Preemption-Right of First Refusal (ROFR)
- Process related to evaluation of Transmission service requests
 - Competition based on service duration
 - New request for longer duration service can take away service from previously granted shorter duration service
 - ROFR gives previously granted service an opportunity to extend duration rather than being superseded
- New NAESB v3.2 Business Practice Standards contain detailed Preemption-ROFR requirements
 - Requirements become enforceable October 27, 2021
 - PJM OATT contains exemption for firm transmission service
 - **New requirements only impact non-firm transmission service**

- **Transmission Service evaluation delays**
 - Non-firm evaluation engine processes requests instantaneously
 - Preemption-ROFR introduces unmanageable delay potential
- **OASIS customer uncertainty**
 - Hourly transmission service at greatest risk of preemption
 - 2018-2020 over 90% of 45,000+ confirmed reservations were hourly
- **Day Ahead Market and Real-time impacts**
 - Delays can prevent ability to bid into Day Ahead Market
 - Preemption can take away service from committed Day-ahead positions

- Plan A: Full Exemption
 - No preemption of non-firm service (OATT revisions)
 - Quick Fix stakeholder process
 - Section 205 FERC filing to revise OATT section 14.2
- Plan B: Partial Exemption
 - PJM customized preemption approach
 - Preemption-ROFR implemented in streamlined manner
 - Avoids delays in request processing, but other impacts still apply
 - NAESB v3.2 compliance filing
 - Filing deadline of July 27, 2021
 - Plan B only implemented if Plan A unsuccessful

60-Day FERC Response Window



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