



Behind the Meter Generation Business Rules on Status Changes

Problem / Opportunity Statement

A Behind the Meter Generation (BTMG) unit can be designated to be a Capacity Resource or Energy Resource in the wholesale markets (participating as a generator or as demand response) or be designated as BTMG (netting against load) on a unit specific basis or on a partial unit basis. Any BTMG unit that desires to be designated in whole or in part as a Generation Capacity Resource or Energy Resource must submit a Generation Interconnection Request. The Generation Interconnection Customer may elect from time to time to operate all or a portion of the BTMG unit as a Capacity Resource to the extent that the Interconnection Service Agreement grants Capacity Interconnection Rights in accordance with the timing and duration requirements in the OATT (Part VI, Attachment O, Appendix 2, Section 2.5) and Manual 14D, Appendix A. Business rules #11 through 23 of PJM Manual 14D, Appendix A cover the business rules that are related to a BTMG unit changing status. Rules on status changes may apply to either “retail” or Non-Retail BTMG.

BTMG rules were developed as result of efforts dating back as far back as 2003 in the Behind the Meter Generation Working Group (under the PJM Electricity Markets Committee) and were effective as a result of FERC Orders ER04-608¹ and EL05-127². There has been limited review of the BTMG rules since their development. In 2019, the Operating Committee, through the Non-Retail BTMG Business Rule Issue Charge, proposed and endorsed clarification updates to BTMG business rules focused solely on the reporting, netting, and operational requirements of Non-Retail BTMG. The business rules related to status changes were not reviewed or addressed as part of the Non-Retail BTMG Business Rules Issue Charge.

With the increased development of distributed energy resources and increased LSE requests for adjustments to Network Service Peak Load (NSPL) and Obligation Peak Load (OPL) for new BTMG, PJM has identified the need to review and propose updates, as necessary, to the existing BTMG business rules related to BTMG status changes in the OATT and Manual 14D, Appendix A (business rules #11-23) to ensure requirements are clear, adequately detailed, and do not conflict with other market business rules or other deadline dates in the BTMG business rules.

The existing business rules related to BTMG status changes (rules #11- 23) are lacking the clarity and detail needed for Members to confidently understand the rules and effectively contract with generation developers. There is a need to more adequately document the paths available for a BTMG unit to participate in PJM Markets (as a generator or demand response), any relevant limitations or restrictions on market participation, and the market participation impact on the unit’s ability to net against the load. The requirements associated with a BTMG unit (or a portion of a unit) changing status from BTMG netting against load to a resource participating in PJM Markets (and vice versa) and the impact such a status change may have on LSE load obligations or any Non-Retail BTMG resource obligations need to be clarified.

¹ Initial PJM BTMG filing is available at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=10079251>. FERC Order on BTMG filing is available at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=10141758>

² Settlement Agreement filing regarding Non-Retail BTMG is available at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=10863570>. FERC Order on Settlement Agreement is available at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=10908341>



Problem/Opportunity Statement

Existing business rules #13-15 allow for a Capacity Resource that changes its status to BTMG for a delivery year or a new BTMG generator to be permitted to net its full installed capacity value in the determination of a Load Serving Entity's Network Service Peak Load (NSPL) for the first calendar year for transmission purposes or in the determination of an LSE's Obligation Peak Load (OPL) for the first delivery year for capacity purposes. During the processing of requests for adjustments to NSPL and OPL values due to new BTMG units in December 2019, PJM identified the need to clarify the applicability of the existing rules and to add more details on the request process, including any eligibility requirements to be satisfied. Such clarifications and additions will allow NSPL or OPL adjustment requests to be processed in a timelier manner and will reduce potential disagreements between parties involved.

- Applicability – Clarify if “Capacity Resource” is limited to Generation Capacity Resource or includes either a Generation Capacity Resource or a Demand Resource. In addition, clarify whether or not the rules apply to “retail” BTMG units that have no resource performance obligations during Maximum Generation Emergency conditions.
- Process - Add more specific details on the request process, including any eligibility requirements to be satisfied (e.g., document Member and PJM roles and responsibilities, the required information to be submitted with a request, and any unit criteria that needs to be satisfied for a NSPL or OPL adjustment to be warranted).

The existing BTMG business rules were developed prior to the implementation of the Reliability Price Model and explicit must offer requirements for Capacity Resources. PJM has identified the need to review and update, as necessary, the existing notification deadline in the OATT (Part VI, Attachment O, Appendix 2, Section 2.5.2) for a Generation Interconnection Customer to elect to make a change to operate MWs as a Generation Capacity Resource or BTMG for a Delivery Year, to avoid conflicts with Capacity Market must offer requirements or other deadline dates in the BTMG business rules. The existing notification deadline of May 1 (and no sooner than March 15) prior to the Delivery Year does not address that the BTMG unit may have already committed MWs through RPM Auctions as a Capacity Resource for such Delivery Year. In addition, the requirement to make a notification “no sooner than March 15” prior to the Delivery Year appears to conflict with the ability for a Generation Capacity Resource that changes status to BTMG to net its full installed capacity value for the first Planning Period for capacity purposes (business rule #13) if the deadline date to request an adjustment to an LSE's OPL value for the Delivery Year is October 31 prior to the Delivery Year (business rule #15).