

Capacity Offer Opportunities for Generation with Co-Located Load

Issue Source

Brookfield Renewable and Exelon

Issue Content

Members should address clarifications and market rule changes to support new interconnection configurations for highly interruptible load that is co-located with generation. Deliberations to solve the identified problems and to grasp the concurrent opportunities are likely to include consideration of both specific technical issues and broader policy issues. Such deliberations will require education about (among other things) potential interconnection configurations of co-located loads, impacts to generator interconnection agreements, the current and prospective capacity obligations of resources serving such loads, and the calculation of offer levels for such resources. While the issue presented is intended to be narrowly tailored to address a specific, yet burgeoning, commercial load service arrangement, Members may wish to survey distinctions with potentially similar policy or commercial arrangements (e.g., Order 2222 requirements or existing off-system sales rules). Other matters may require examination as well.

Key Work Activities and Scope

Phase 1

1. Education regarding current capacity offer requirements for existing generation resources
2. Education regarding interconnection requirements for new, large, fast response interruptible commercial load
3. Education regarding engineering configurations for the service of co-located load
4. Examination of energy market must-offer requirements for committed generation capacity resources; specifically including accounting for opportunity costs
5. Comparison of consumer costs from status quo versus various co-location configurations
6. Education to distinguish potentially similar policy or commercial arrangements that may influence development of any co-location reforms, e.g., Order 2222 requirements

Phase 2 (after development of Phase 1 solution)

7. Examination of potential provision of ancillary services facilitated by highly-interruptible, co-located load (e.g., provision of spinning reserves from nuclear units)

Expected Deliverables

1. Potential modifications to capacity market rules in the PJM OATT and relevant manual provisions
2. Potential modifications to cost-based offer rules and relevant manual provisions to account for co-located load configurations
3. Potential updates to PJM manuals and/or governing documents to codify any other rule changes necessary to support any endorsed proposal

Decision-Making Method

Tier 2 decision making is likely. Multiple alternatives are likely to be developed for various configurations.

Stakeholder Group Assignment

Market Implementation Committee with co-ordination on RASTF dashboard.

Expected Duration of Work Timeline

Commercial deals between generation and co-located load have been executed and several others are under negotiation. Consequently, immediate consideration by the MIC is warranted with conclusion of deliberations targeted for six months. Initial education at the MIC may be warranted with special purpose MIC meetings scheduled as needed.

Start Date	Priority Level	Timing	Meeting Frequency
2/1/2022	<input checked="" type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low	<input type="checkbox"/> Immediate <input checked="" type="checkbox"/> Near Term <input type="checkbox"/> Far Term	<input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly

Charter

(check one box)

<input type="checkbox"/>	This document will serve as the Charter for a new group created by its approval.
<input checked="" type="checkbox"/>	This work will be handled in an existing group with its own Charter (and applicable amendments).

More detail available in M34; Section 6