



### TLR Buy Through

**Remove vestigial TLR Buy Through language from the Operating Agreement.**

#### **Problem / Opportunity Statement**

Remove vestigial TLR Buy Through language from the Schedule 1, section 1.10.6A of the Operating Agreement (mirrored in Attachment K of the Open Access Transmission Tariff).

#### **Problem**

The vestigial TLR Buy Through language in the OA cannot feasibly be automated with software systems, has never been utilized by a customer. It is technically infeasible to automate. The product, if used, would put PJM interchange customers at a disadvantage compared to external interchange transactions.

#### **Not Used**

The concept originated over 20 years ago when PJM had a smaller footprint and fewer resources/tools available to alleviate congestion. Based on our research, it has not been used and is no longer aligned with today's market constructs. PJM used the TLR mechanism much more frequently 20 years ago since that was one of the few options available. Joint Operating Agreements and Congestion Management procedures (MISO, NYISO, TVA, and SPP) were not yet envisioned. Contrast that with PJM's current practice of rarely using TLR and heavily utilizing both internal and market to market redispatch to help alleviate congestion.

#### **Inequitable to PJM Customers**

This product favors neighboring system transactions over PJM transactions. The product only applies to PJM-issued TLRs and is restricted to Tags that do not directly pass through PJM's footprint therefore the product allows transactions flowing on neighboring systems to be prioritized over schedules on PJM's Transmission System. While PJM Transmission Customers can choose to pay for increased priority via their level of Firm or Non-Firm service, there is no option to escape TLR curtailment risk if their Tag is determined to be contributing to excess congestion on a specific flowgate. It's hard to justify why PJM would offer a product that gives preference to customers of neighboring systems while potentially shifting the impact of needed reliability actions onto PJM's direct market participants.

#### **Automation not Feasible**

This product does not allow for an automated implementation. The NAESB WEQ-008 Business Practice Standards do not accommodate excluding Tags from the TLR process in the manner required by PJM's TLR product, nor does OATI's implementation of the EIDSN's Interchange Distribution Calculator (IDC) software. Similarly, there is no IDC Application Programming Interface, nor does OATI expose detailed TLR information via their webData product. Therefore, the TLR information required to automate our TLR product, as well as the programmatic actions needed to exclude Tags from curtailment, are simply unavailable at this time.

#### **Opportunity**

PJM Stakeholders have the opportunity to remove the impractical and never used language from the OA.