

8.7 Replacement Resources

Participants may specify replacement resources in order to avoid or reduce resource performance assessment shortfalls and the associated deficiency/penalty charges. Participants may not specify replacement resources in order to avoid or reduce performance assessment shortfalls and associated deficiency/penalty charges related to price responsive demand.

Replacement capacity for generation resources, Demand Resources, Energy Efficiency Resources, or Qualifying Transmission Upgrades committed to RPM may be specified via the eRPM system by entering a “Replacement Capacity” transaction after the EFORd for the Delivery Year has been locked in the eRPM system (November 30 prior to the Delivery Year), but before the start of the Delivery Day.

Through the “Replacement Capacity” transaction functionality in eRPM, PJM will provide participants with a list of the available capacity for each generation or demand resource in their portfolio as well as a list of cleared buy bids from any Incremental Auction via the eRPM system and a list of resources with RPM Resource Commitments. Participants will have the ability to match a generation, Demand Resource, Energy Efficiency Resource or Qualifying Transmission Upgrade resource committed to RPM that they would like to replace with available capacity from a generation resource, demand resource, cleared buy bids in an Incremental Auction, or from Locational UCAP transactions.

The following are business rules that apply to Replacement Resources for Resources Committed to RPM:

- The start date and end date of the replacement must be specified.
- A Replacement Resource used to reduce a Demand Resource commitment shall be specified for no less than the balance of the Delivery Year. An available Demand Resource may only be used as a Replacement Resource when the start date of the Replacement Capacity transaction is from June 1 through September 30th unless the Demand Resource can demonstrate through the prior summer’s event or test compliance data that the Demand Resource met both its Summer Average RPM Commitment and the new daily RPM commitment level that would result if the Replacement Capacity transaction was approved.
- The desired change in Daily RPM Resource Commitments (in UCAP terms) for the resource being replaced and the replacement resource must be specified. The change in Daily RPM Resource Commitments cannot result in a negative value for the Daily RPM Resource Commitments for the resource being replaced.
- The replacement resource must be located in the same LDA as the resource that is being replaced or reside in the Sink LDA of the Qualifying Transmission Upgrade being replaced.
- Resources located in a constrained LDA can serve as replacement capacity for a generation resource located in a less constrained parent LDA.

- The replacement resource must have the same or better temporal availability characteristics as the resource that is being replaced. For example, Annual Resource commitments can only be replaced by available capacity from an Annual Resource or cleared Buy Bids for Annual Capacity or Locational UCAP originating from an Annual Resource; Extended Summer DR commitments can be replaced by available capacity from an Annual Resource or Extended Summer DR, or cleared Buy Bids for Annual or Extended Summer Capacity or Locational UCAP originating from an Annual Resource or Extended Summer DR; and Limited DR commitments can be replaced by available capacity from an Annual Resource, Extended Summer DR or Limited DR, or cleared Buy Bids for Annual, Extended Summer or Limited Capacity or Locational UCAP originating from an Annual Resource, Extended Summer DR or Limited DR.
- If a generation, demand, or EE resource is used as replacement capacity, a decrease in the Daily RPM Resource Commitments for the resource that is being replaced will result and a corresponding increase in the Daily RPM Resource Commitments for the replacement generation, demand, or EE resource will result during the time period specified for replacement. A change in the Daily RPM Resource Commitments for a generation resource will result in a change in the Total Unit ICAP Commitment Amount for the generation resource.
- If cleared buy bids from an Incremental Auction or Locational UCAP transactions are used as replacement capacity, a decrease in the Daily RPM Commitments for the resource that is being replaced will result during the time period specified for replacement. A change in the Daily RPM Commitments for a generation resource will result in a change in the Total Unit ICAP Commitment Amount for the generation resource.

Replacement capacity for generation resources, Demand Resources, Energy Efficiency Resources, or Qualifying Transmission Upgrades committed to RPM may be specified via the eRPM system by entering a “Replacement Capacity” transaction prior to the EFORD for the Delivery Year being locked in the eRPM system (earlier than November 30 prior to the Delivery Year), when the owner of the replaced resource provides transparent and verifiable evidence to support the expected final physical position of the resource at the time of request.

The following additional business rules apply to Replacement Resources for Resources Committed to RPM entered prior to the EFORD for the Delivery Year being locked in the eRPM system (earlier than November 30 prior to the Delivery Year):

- Requests shall be submitted in writing simultaneously to PJM and the Independent Market Monitor documenting the reason for the early replacement
- Acceptable reasons for early replacement include:
 - Generator Deactivation (properly noticed to PJM and posted to the website)
 - Withdrawal of queue position / cancellation of project (accompanied by written notification to PJM Interconnection Projects manager)

- Delayed in-service date (accompanied by written notification to PJM Interconnection Projects manager)
- Permanent departure of load used as a basis for an existing DR or EE resource at the time of commitment
- Generation replaced early may not be recommitted for the Delivery Year
- DR/EE sites replaced early may not be registered or committed for the Delivery Year

Replacement resources for generation, QTU, Energy Efficiency Resources, or Demand Resources committed to FRR Capacity Plan are specified by an FRR Entity through the update of the FRR Entity's FRR Capacity Plan prior to the start of the Delivery Day. FRR Entities may update their FRR Capacity Plan to reduce the FRR Capacity Plan Commitment on the resource being replaced and increase the FRR Capacity Plan Commitment on a replacement resource. The change in the Daily FRR Capacity Plan Commitments for a generation resource will result in a change in the Total Unit ICAP Commitment Amount for the generation resource.