

Sierra Club Proposal for Deactivation Enhancement Senior Task Force

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Overview

- Sierra Club proposal builds on ideas that have been under discussion in DESTF since 2023, if not part of a proposal package until now.
- Our proposal draws elements from all existing packages, while putting forward distinct proposals on (1) deactivation notice timing, and (2) participation of RMR resources in the capacity market

Deactivation Notice Timing (#8)

Objective: increase likelihood that PJM will have sufficient notice of deactivations to build transmission in time (or eventually to seek RMR alternatives). Existing proposals make improvements on this, but have gaps.

Notice required: 12 months prior to an auction in which the unit will not be offered due to deactivation; within 3 months after an auction in which the unit failed to clear, if the unit intends to deactivate during the delivery year for just-cleared auction; and in no case less than 12 months prior to actual deactivation. For the base residual auction for DY 2027-2028, notice must be submitted 5 months prior to the auction if the unit will not be offered due to deactivation. In all cases, generators may deactivate sooner than their notice date if PJM's study reveals no reliability issues associated with the deactivation.

RMR Participation in Auction (## 4, 24, 27)

Objective: avoid buying unnecessary capacity through the auction where RMR resource is contributing to resource adequacy.

- Clarify pathway for RMR unit to offer as supply: current rules allow this but lack detail about how it would work. Should be subject to CP, and should notify PJM of intent to offer in time for PJM to implement planning parameter adjustment noted below.
- Demand-side adjustment: if RMR unit will not offer, PJM should lower the reliability requirement (RTO & LDA) to reflect the availability and likely operation of the RMR units.

Why should RMR units be reflected in the auction, either as supply or demand?

- Sends the correct price signal about supply and demand balance *today*; developers still can anticipate and act on prices expected when RMR ends (i.e., when transmission solution is complete).
- Consistent with PJM's approach of including RMR unit in CETO/CETL to reflect the physical reality of the system.
- Other fundamentals (actual constriction in supply, increased load/IRM) can be relied upon support prices needed for retention/new entry. Ephemeral price signals will not stimulate new entry.

Thank you!

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