

A decorative graphic consisting of several thin, overlapping, wavy lines in shades of grey and white, positioned at the top of the slide.

Update on Revised ELCC Proposal

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- On April 30, FERC found that PJM’s proposed ELCC transition mechanism was unjust and unreasonable, and FERC therefore rejected PJM’s entire March 1 ELCC proposal.
- This triggered the reopening of a paper hearing under Section 206 that had been held in abeyance during the development of the ELCC proposal.
- FERC also gave PJM the option to file a revised ELCC proposal under Section 205, and thereby continue to hold the paper hearing in abeyance.
- **In order to hold the paper hearing in abeyance, PJM intends to file a revised ELCC proposal with FERC under Section 205 by no later than June 1.**

FERC in April 30 Order: *“While we reject the ELCC proposal because we find the proposed transition mechanism to be unjust and unreasonable and unduly discriminatory, we note that PJM’s ELCC framework, without the transition mechanism, appears to be a just and reasonable approach to determining the accredited capacity value of Variable Resources, Limited Duration Resources, and Combination Resources.” (P 17)...*

“PJM is under no obligation to implement a revised method for determining the capacity capability of Capacity Storage Resources, or any other resource type, prior to the next BRA. However, as discussed above, we have specified an expedient paper hearing schedule to investigate the justness and reasonableness of PJM’s existing capacity valuation methods as soon as possible.” (P 123)

Summary of Stakeholder Feedback

1. Broad support for filing a revised ELCC proposal under Section 205 in order to more quickly realize the reliability benefits of ELCC and resolve the relatively mature ELCC issue.
 - Some parties suggested the alternative (a paper hearing) could lead to further enhancements in the ELCC model.
2. Interest in transparency and replicability:
 - Transparency is the posting of sufficient ELCC method details and input data so that third parties could reproduce ELCC results with reasonable fidelity. PJM is committed to this transparency.
 - Replicability is the relative ease with which ELCC results can be replicated and sensitivity analysis can be completed. PJM is open to exploring ways to make ELCC more replicable.
3. Interest in a post-implementation comprehensive review of ELCC as well as a process for recurring review of ELCC.
 - PJM supports such review.
4. Interest in exploring whether ELCC should apply to conventional resources.
 - PJM has proposed exploring this through Phase 2 of the Capacity Market reform efforts.

- PJM is making plans to file the ELCC proposal by June 1 without the transition mechanism (i.e., without the “floors”).
 - Plus minor changes as shown on next slide.
- PJM is still targeting to launch ELCC for the 2023/24 Delivery Year, including the BRA running this December.
 - PJM would request an August 1 effective date.

Additional Implementation-related RAA Changes

- As suggested by FERC, PJM will add definitions of the ELCC Classes
 - Including provisions managing the classification of specific resources (e.g., storage cannot change duration class more often than once per 5 years).
 - Classes include two new catch-all classes that would accommodate hybrid-type resources that have mixes of resources not currently contemplated without requiring a FERC filing to add a new class. For example, the catch-all classes could provide UCAP values for new mixes that don't currently exist, such as wind+solar+landfill gas or solar+hydro+storage.
- Minor change to timing of ELCC data submission starting in 2023.

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