

CIR Transfer Efficiency: Resource Replacement Process

July 16, 2024

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Enhancing CIR Transfer Efficiency Overview

- ❖ **EKPC and Elevate Renewable Energy brought this PS/IC to the PC to consider enhancements to the existing CIR Transfer process that would more efficiently facilitate the interconnection of resources that are replacing and utilizing the studied capacity capability of an existing resource**
 - This effort has received support across stakeholder groups and from state interests

- ❖ **Lotus sees this PS/IC as an opportunity to utilize existing practices in other regions to effectuate a process that is limited in scope and allows PJM the opportunity to determine if there are material impacts to the grid as a result of the replacement**

- ❖ **Key Package Components**
 - Standalone Replacement Process outside of the New Services Queue. Consistent with process that exists today in MISO, SPP, and NYISO
 - Initial study to determine eligibility for standalone process
 - Eligible replacement requests to be completed on a short timeline to complete the needed studies
 - Utilize third-party consultants to provide studies to limit administrative burden and remove liability on study timeline from PJM



Benefits of Efficient Stand-Alone Replacement Resource Process

Replacement Process Enhances Efficiency for New Project Development

❖ **PJM projecting up to 40 GW of generation retirements by 2030**

- Maintaining generation capacity from deactivating resources in the most efficient manner reduces grid impacts and costs of retirements
- PJM citing looming reliability risks if new projects do not come on online
- New projects, including those replacing deactivating resources, cannot begin studies until at least 2026. No certainty that there will not be further delays in the queue.

❖ **Replacement Resource Process enhances efficiency by reallocating existing capacity via an expedited-queue process.**

- Commission has upheld that stand-alone replacement processes limit duplicative study costs and operational costs
 - Approved in ER19-1065 in MISO, ER-20-1536 in SPP and in PacifiCorp and Arizona Public Service.

❖ **Limited Application to allow PJM to study differences between the Deactivating Resource and the New Resource**

- Consistent with the approach of Surplus Interconnection to study load capability of Energy Storage
- Does not impact other projects that require additional study to maintain CIRs through the existing CIR Transfer Process.
- Reduces uncertainty in study results for other projects in the queue when CIR transfer projects withdraw after waiting in queue cycles



Striking a balance between efficiency for eligible projects and adding burdening to the existing queue.

New Process Enhances Queue Efficiency for All Projects

❖ End Goal is the Efficient Use of the Transmission System

❖ Results of Replacement Study would determine any Material Adverse Impacts to the Queue

- Focus on new network upgrades or reliability violations that impact the grid
- System capability would be preserved using the most recent Phase 3 model to achieve a reasonable expectation of project viability in the study and avoid impact to most previously queued interconnection requests.
- Avoid an overly restrictive study approach that categorically precludes certain technology types (e.g. storage) or does not result in a process that cannot be realistically utilized
- Requests with Material Adverse Impacts would proceed with a CIR Transfer in the existing New Services Queue process.

❖ Limited Impact to administrative resources serving queue projects

- Pre-Approved Consultants to provide initial study results, PJM and TO to provide determination on results within 30 days.
- Use of consultants minimizes load on engineering staff and removes liability for study delays past 120-days from PJM/TO
- Third-Party studies, with ISO and TO verification, currently allowed for similar generator replacement process in NYISO