

External Capacity: Pseudo Ties

PJM/MISO JCM

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External Resources

- **Capacity resources must be unit specific**
- **Goal is for external resources that participate in the PJM Capacity Market to be good substitutes for internal resources**
- **PJM must ensure that resources receiving capacity payments are providing comparable capacity as internal capacity**
- **PJM's CIL exception process defines what is required to meet this objective**

Capacity Import Limit Exception

- **External generation resources offering into RPM Auctions will be subject to Capacity Import Limits unless the Capacity Market Seller of external generation requests an exception.**

Capacity Import Limit Exception

- **Seller must demonstrate that the external resource meets the following three requirements, at the time of the exception request:**
 - The external resource is **pseudo-tied** or committed to be pseudo-tied by the start of the auction Delivery Year.
 - The external resource has long-term **firm transmission** service confirmed on the complete transmission path from such resource into PJM.
 - The external resource, by written commitment of the Market Seller, is subject to a capacity **must offer requirement** under the same obligations imposed to internal generation resources by section 6.6 of attachment DD of the OATT to offer into RPM Auctions.

Pseudo-Tied Units

- **Pseudo-tied units:**
 - **are treated like internal generation**
 - **are subject to redispatch and locational pricing**
 - **must be subject to recall in emergency with no constraints from the originating Balancing Authority**
 - **must be modeled like an internal resource**
 - **must be exempt from NERC Tagging**

Tagging Pseudo-Tied Units

- **External balancing authorities can call a TLR-5 which results in the curtailment of energy deliveries to PJM from external capacity resources using firm transmission**
 - **tagged external capacity resources are not substitutes for internal capacity resources and cannot be included in PJM capacity auctions without introducing risk**

Tagging Pseudo-Tied Units

- **Pseudo-tied units:**
 - **are not required to be tagged under the NERC rules as long as the information about the pseudo-tie is included in a congestion management procedure(s) via an alternate method**
 - **Only units that do not need to be tagged can qualify as a capacity resource**

Modeling Pseudo-Tied Units

- **If a pseudo-tied unit wishes to participate in the PJM Market per the PJM/MISO JOA Section 4.1:**
 - **PJM is obligated to calculate a generation to load Market Flow for all PJM market-to-market and nonmarket-to-market flowgates.**
 - **This means that according to current PJM/MISO JOA agreement, PJM will have to model the pseudo-tied generator in PJM's EMS such that the Generation to Load market flow can be calculated, and therefore a pseudo-tied resource will require nodal representation, not an interface mapping representation.**

Summary

- **Capacity resources must be unit specific**
- **Must be pseudo-tied**
- **Must be modeled such that it meets congestion management process requirements to not necessitate a NERC tag**
 - **Only units that do not need to be tagged can qualify as a capacity resource**
- **Must use Firm Transmission Service**
- **Must make daily competitive offers in the Day-Ahead and Real-Time Markets**

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