



Energy and Reserve Pricing & Interchange Volatility Sub-Group Update

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- Interchange Volatility – short-term discussions have been tabled
 - Clarifying language for existing ability to adjust ramp limits for reliability purposes is being developed
- Energy and Reserve Pricing – short-term solution packages are currently being developed
 - Summer implementation still targeted

- Proposed solutions focus on
 - Increasing day-ahead scheduling reserve (DASR), primary reserve (PR) and synchronized reserve (SR) requirements under specified conditions when additional resources are scheduled to cover operational uncertainty
 - Reserve requirements are increased in market clearing engines
 - Emergency procedures will still be initiated based on reserve requirements in M13
 - Incorporating long lead time generation into the DA market

Scenarios under which reserve requirements are increased (Entry criteria)

Hot or Cold Weather Alert or Max Emergency Generation Alert issued for RTO, Mid-Atlantic Dominion or Mid-Atlantic regions

and

PJM operators see the need for significant additional reserves and do not believe the increased requirement will create operational control problems

Reserve requirements to be increased (products)

RT: Increase both SR and PR requirements

DA: Increase DASR requirement

Reserve requirements to be increased (locations)

SR and PR: Based on location of Hot or Cold Weather Alert or Max Emergency Generation Alert

DASR: Increase RTO requirement

Method for calculating amount of reserve requirement increase

On peak (05:00 - 24:00):

For MAD and RTO increase,

- $\text{MAD SR} = \text{MAD SR requirement} * 2$
- $\text{MAD PR} = \text{MAD PR requirement} + \text{MAD SR requirement}$
- RTO requirements equal to updated MAD requirements

For RTO increase only,

- $\text{RTO SR} = \text{MAD SR requirement} * 2$
- $\text{RTO PR} = \text{MAD PR requirement} + \text{MAD SR requirement}$
- No changes to MAD SR and PR requirements

Off peak (00:00 - 05:00): 75% of on peak requirement

Reqs capped at 3600 MW

DASR requirement increased by 3% of forecasted load (requirement is currently 6.27% of forecasted load)

Method for communicating reserve requirement change and reason

Existing eMKT notification plus emergency procedures web page notice (which prompts eData alert)

Exit Criteria

DA: Anticipated cancellation of Hot or Cold Weather Alert or Max Emergency Gen alert prior to the operating day

RT: Cancellation of Hot or Cold Weather Alert or Max Emergency Gen alert, or if the increased reserve requirement is creating operational control issues

- In the case of operational control issues, the reserve adder would be reduced to 50% of the MAD SR requirement. If conditions persist, the requirement may be reduced further.

Method for incorporating long lead time generation into the DA market

Generation owner updates startup and notification time to allow commitment in the DA market

- **Section 2.3.3 – Market Sellers**
 - added requirement for units with notification and startup exceeding 24 hours to modify notification and startup time to allow unit to be committed in the Day-ahead Market if the unit was called on my PJM dispatch in advance of the close of the Day-ahead Market bidding period
- **Section 4.2.2 - Synchronized Reserve Requirement Determination**
- **Section 11.2.1 – Day-ahead Scheduling Reserve Market Reserve Requirement**

- Upcoming meetings

Date	Time
Wednesday, April 16	1:00 pm – 4:00 pm
Monday, April 28	1:00 pm – 4:00 pm

- Refine PJM package
- Solicit additional packages
- Vote requested at May MIC