



Energy and Reserve Pricing Proposal

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Issue Charge: Identify ways to incorporate more operator actions into energy and reserve pricing so that pricing is more consistent with system conditions and the offers of units operating at PJM's direction

The proposed Energy and Reserve Pricing solution is comprised of three parts

- Day-ahead resource commitment changes
- Day-ahead scheduling reserve requirement and eligibility changes
- Synchronized Reserve and Primary Reserve requirement changes

	Proposal	Implementation Timing
DA commitment changes	Commit long lead units in DA market	January 1, 2015
DASR eligibility changes	<p>Clear DASR MW up to eco max rather than emergency max</p> <p>Discount capability of offline units by startup and notification time</p>	January 1, 2015
DASR requirement changes	<p>Increase DASR requirement during emergency conditions by difference between forecasted RT load and adjusted fixed demand</p> <ul style="list-style-type: none"> Allocate the cost of this portion to load that underbid in DA market 	After receiving FERC approval of cost allocation change

	Proposal	Implementation Timing
RT reserve changes	<p>Increase SR and PR requirements during emergency conditions by the amount of any additional 'intraday' resources committed to address operational uncertainty</p> <p>Price shortage of additional amount at 2nd, lower step on reserve demand curve</p>	<p>Increase PR requirement only starting January 1, 2015</p> <p>Increase both PR and SR requirements after receiving FERC approval of second step on reserve demand curves</p>