

Credit Requirement for Regulation Resources

Harold Loomis
Manager, Credit
Members Committee
December 7, 2017



- Most regulation is provided in conjunction with energy production
- Regulation-only resources, however, use energy to “charge” the resource in order to provide regulation service
- Regulation credits are accrued daily and billed monthly
- Energy charges are accrued daily and billed weekly
- Although the credits are much greater than the charges, the weekly bills for charges create a Peak Market Activity credit requirement despite the fact that the much larger credit is still outstanding and due to the provider at month-end

- The Credit Subcommittee has discussed this issue pursuant to a stakeholder-initiated Problem Statement and Issue Charge
- The Credit Subcommittee, at its August 11 meeting, unanimously endorsed the following proposal:
 - For credit purposes only, daily regulation credits, as shown in MSRS, would be included in weekly activity instead of monthly when calculating the member's Peak Market Activity credit requirement and Current Exposure
 - The change would apply to all resources, not just regulation-only resources

- Draft changes to Tariff Attachment Q (Credit Policy)

Insert two sentences:

- Section V.A. - Peak Market Activity Credit Requirement

“When calculating Peak Market Activity, PJM may attribute credits for Regulation service to the days in which they were accrued, rather than including them in the month-end invoice of a Participant.”

- Section V.B. - Working Credit Limit

“When calculating Net Obligation, PJM may attribute credits for Regulation service to the days in which they were accrued, rather than including them in the month-end invoice of a Participant”