Order 825 Settlement Education

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- FERC initiated Docket AD14-14 ("Price Formation") on June 19, 2014
- Various workshops and filings have taken place over the last two years
- On June 16, 2016, FERC issued Order 825 from Docket RM15-24
- Order 825 focused on standardizing some of the market designs associated with market settlements and shortage pricing
  - Settle RT energy transactions at the same interval it is dispatched
  - Settle RT operating reserve transactions at the same interval it is priced
  - Settle intertie transactions at the same interval it is scheduled
  - Trigger shortage pricing for any interval that a shortage of energy or operating reserves is indicated

	Order 825	PJM view
Federal Register Publication	June 30, 2016	
Effective Date (75 days after Fed. Reg. publication)	September 13, 2016	
Compliance Filing (120 days from Effective Date)	January 11, 2017	
Shortage Implementation (120 days from Compliance Filing)	May 11, 2017	Seek to implement with Settlements
Settlement Implementation (12 months from Compliance Filing	January 11, 2018	Seek small extension until February 1, 2018

Order 825: Settle RT energy transactions at the same interval it is dispatched

- Energy
  - Day-Ahead
    - Clearing process unchanged. DA prices and MWh schedules will remain hourly
    - For balancing settlements, DA hourly MWh and prices are evenly distributed for each 5-minute interval (e.g. HE13: cleared 100 MWh at $53; each 5-minute interval will show 100 MW at $53)
  - Real-Time: settle using the 5-minute LMPs
    - Generation: use either 5-minute meter data or profile hourly revenue data by SE values
    - Load: use hourly average for all 5-minute intervals
    - Demand Response: use hourly curtailment values evenly over curtailment period
- Metering Changes – no changes are required to generation, load or DR meters
- LMP
  - Day-Ahead: Hourly values split into 5-minute intervals for settlement
  - Real-Time: 5-minute values

Order 825: Settle RT operating reserve transactions at the same interval it is priced

- Regulation
  - Commitment still hourly
  - Settle using the 5-minute LMP and Regulation MCPs
- Reserves
  - Commitment stays as-is
  - Settle using the 5-minute LMP, SRMCP and NSRMCP

Order 825: Settle intertie transactions at the same interval it is scheduled

- Intertie
  - Settle using the three 5-minute LMPs within the 15-minute transaction interval