

## Reactive Power

### Issue Source

IMM

### Issue Content

This work is intended to evaluate the standards for the provision of reactive service and the mechanism that provides for the opportunity to be compensated for reactive service.

### Key Work Activities

1. Provide education on topics, including:
  - A. the fundamentals and origins of the relevant parts of OATT Schedule 2;
  - B. the requirements for ensuring adequate reactive capability;
  - C. the basics of the AEP method and its rationale;
  - D. the current treatment of reactive in the capacity market;
  - E. the requirements for reactive capability from resources on the transmission, subtransmission and distribution systems; and
  - F. the fundamentals of planning for reactive capability and the coordination of such planning with the competitive PJM market design.
2. Provide clarification on:
  - A. The role of PJM and resource owners in procuring reactive capability;
  - B. The definition of reactive demand and supply;
  - C. The precise meaning of reactive capability;
  - D. The quality and quantity of reactive capability PJM requires;
  - E. The quality and quantity of reactive capability required to obtain interconnection service;
  - F. Resource eligibility based on type;
  - G. Resource eligibility based on location.
3. Identify and clarify how to treat reactive capital costs and revenues in the capacity market.
4. Identify and clarify the opportunity costs of providing reactive power in real time for each resource type.
5. Evaluate the procedures for measurement and verification of reactive capability.
6. Identify performance requirements for reactive power.
7. Evaluate the economic basis for the distribution of reactive charges among zones.

8. Propose reforms to the market rules related to reactive power consistent with “the creation and operation of a robust, competitive and nondiscriminatory electric power market in the PJM Region.” (OA § 7.7(vii)).

**Expected Deliverables**

1. A recommendation to the MRC on any proposed market rule changes.
2. Required updates to the PJM Manuals, Operating Agreement and Tariff to reflect any proposed changes.

**Decision-Making Method**

Tier 2 decision-making will be used.

**Stakeholder Group Assignment**

Market Implementation Committee or Reactive Service Task Force

**Expected Duration of Work Timeline**

It is expected that this work can be completed in 9 months.

| Start Date | Priority Level  | Timing   | Meeting Frequency  |
|------------|---|--|--|
|            | <input type="checkbox"/> High<br><input checked="" type="checkbox"/> Medium<br><input type="checkbox"/> Low | <input type="checkbox"/> Immediate<br><input checked="" type="checkbox"/> Near Term<br><input type="checkbox"/> Far Term | <input type="checkbox"/> Weekly<br><input checked="" type="checkbox"/> Monthly<br><input type="checkbox"/> Quarterly |

**Charter**

(Check one Box)

|                                     |  |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | This document will serve as the Charter for a new group created by its approval.                 |
| <input type="checkbox"/>            | This work will be handled in an existing group with its own Charter (and applicable amendments). |