

Regulation Market Redesign

Issue Source

PJM and IMM are bringing forward this issue. These issues were originally addressed in the Regulation Market Issues Sr. Task Force in 2017 and resulted in a FERC filing (EL18-87) which was ultimately rejected by FERC in March 2018.

Issue Content

Work is to address regulation market design flaws and potential enhancements including regulation signal design, regulation performance scoring, regulation requirement, regulation market clearing and regulation market settlement.

Key Work Activities and Scope

Key work activities include:

- 1) Regulation market education.
- 2) Evaluate the benefits factor curve and proscribed RegA/RegD commitment percentages.
- 3) Evaluate how the benefits factor curve and mileage ratio are applied within the regulation market optimization and settlement.
- 4) Evaluate regulation signal formation, including the Reg D conditional neutrality and mileage calculation.
- 5) Evaluate self-schedule and the zero offer resources in the commitment process and impacts on the energy market
- 6) Evaluate Regulation offers and adjusted cost calculation, including the lost opportunity cost schedules and calculation.
- 7) Evaluate regulation testing score and regulation service score methodology.
- 8) Propose modifications to Regulation Market to address any issues raised in the evaluation of the regulation market design from activities 1 through 7 above.

Expected Deliverables

- 1) OATT/OA changes resulting from the key work activities
- 2) Changes to M-11, M-12 and M-28 resulting from the key work activities

Decision-Making Method

Tier 1, consensus on a single proposal

Stakeholder Group Assignment

Given that there are both operational and markets issues involved with this work, PJM proposes creation of a new Sr. Task Force that would report to MRC.

Expected Duration of Work Timeline

Start Date	Priority Level	Timing	Meeting Frequency
Second/Third quarter 2022	<input type="checkbox"/> High <input checked="" type="checkbox"/> Medium <input type="checkbox"/> Low	<input type="checkbox"/> Immediate <input checked="" type="checkbox"/> Near Term <input type="checkbox"/> Far Term	<input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <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).

More detail available in M34; Section 6