



Review of Real Time Values Market Rules

Problem / Opportunity Statement

All generation capacity resources in PJM are required to submit cost based and parameter limited price based schedules (price PLS). Based on technology type, resources are required to submit parameter limits in these schedule types that adhere to the established proxy parameters found in the Minimum Operating Parameter matrix. If a resource cannot operate to the proxy parameters, they are able to submit a unit specific parameter adjustment request to PJM by February 28 of the delivery year in which the parameter adjustment would be in effect. The rules governing minimum operating parameter limits are described in Section 6.6 of Schedule 1 of the PJM Operating Agreement and Section 2.3.4 of PJM Manual 11.

In addition, if operating conditions changes such that a resource cannot meet its aforementioned proxy parameter or its unit specific parameter limits, the Market Seller can seek a non-permanent exception via the parameter limited exception process. Parameter limited exceptions must be approved by PJM and allow a resource to be made whole if committed with less flexible parameters. The parameter limited exception process is also outlined in Section 6.6 of Schedule 1 of the PJM Operating Agreement and Section 2.3.4 of PJM Manual 11.

The last mechanism to communicate physical reasons for not meeting unit specific parameters is Real Time Values (RTVs). The intention of RTVs was to allow a resource a mechanism to communicate to PJM the current operating capability of a unit if it could not operate according to its unit specific parameter limits or approved parameter limited exceptions. RTVs do not require PJM approval, however resources that are committed with less flexible parameters achieved by RTVs will not receive Operating Reserve Credits and will not be made whole **unless the Market Seller of the resource can justify to PJM that operating outside of its unit specific parameters was the result of an actual constraint**. The submittal process is outlined in Manual 11 Section 2.3.4.4. Currently, language around RTVs does not reside in the PJM Operating Agreement.

It has been observed that RTVs are being used to consistently override a resource's unit specific parameter limits or approved parameter limited exceptions. For example, PJM has observed that resources are using the RTV process to increase the notification time on parameter limited schedules to reflect the decision not to staff the resource during hours they project the resource will not be economic. This does not seem to be consistent with the existing Tariff and Operating Agreement language regarding parameter limited schedules. Conversely, there have been operational impacts in real time when a resource is called on by PJM dispatch based on its unit specific parameter limits or approved parameter limited exceptions, and at that time the resource notifies PJM that they cannot physically meet their unit specific parameter limits and have not submitted a RTV. Therefore, it is prudent to evaluate the existing Tariff, OA, and Manual provisions associated with RTVs.