

Scarcity Pricing Circuit Breaker

Problem / Opportunity Statement

Members will consider whether an administrative mechanism (i.e. a circuit breaker) should be established in PJM's energy market to protect consumers and market participants from undue financial impacts of inactionable scarcity price signals. This focused stakeholder process will support PJM's interest in investigating this potential resilience enhancement as outlined to the U.S. Senate Committee on Energy & Natural Resources on March 11, 2021.

This problem statement addresses education on PJM's downward sloping ORDC, as well as consideration of the potential for a "circuit breaker(s)" or other stop loss approach(es) to limit the duration of inactionable pricing that is not likely to preserve grid reliability.

For the purposes of this effort, ***inactionable*** means a situation where it is not feasible for generators to increase availability and output, and/or load to engage in further voluntary reductions to restore reserves and serve all firm load during an extended involuntary load shedding event.