

## **PJM Implementation of Scarcity Pricing Rules August 8, 2007**

On August 8, 2007, PJM implemented its scarcity pricing rules for the first time. Below is the sequence of events that occurred during the operating day of August 8<sup>th</sup> resulting in that implementation.

At **12:33 p.m.**, PJM declared and requested loading of available Maximum Emergency Generation in the BC and PEP transmission zones. Maximum Emergency Generation in these zones was requested specifically to relieve contingency loading on the Conastone 500-3 500/230kV Transformer for loss of the Conastone 500-2 500/230kV Transformer. Because the Conastone Transformer constraint is not a constraint that defines a scarcity pricing region, this action did not result in the initiation of scarcity pricing.

At **3:05 p.m.**, PJM declared and loaded Maximum Emergency Generation in the Dominion transmission zone. Maximum Emergency Generation in the Dominion zone was requested in addition to that which was already loaded in the BC and PEP transmission zones in order to relieve loading on the Black Oak – Bedington Transfer Interface. **Scarcity pricing was initiated for the SBEDBLA scarcity pricing region at this time.**

At **3:55 p.m.**, PJM implemented a 5% Voltage Reduction for the Mid-Atlantic region. **Scarcity pricing was initiated for the SMAAC scarcity pricing region at this time.** At **3:57 p.m.**, PJM loaded available Maximum Emergency Generation in the remainder of the Mid-Atlantic region (it was already loaded in the BC and PEP transmission zones in the Mid-Atlantic region of the RTO).

At **5:09 p.m.**, PJM cancelled the Voltage Reduction (5%) for the Mid-Atlantic region with the exception of BC and PEP transmission zones. Maximum Emergency Generation remained loaded in the Mid-Atlantic region, so scarcity pricing remained in effect for the SMAAC scarcity pricing region.

At **5:33 p.m.**, PJM cancelled Maximum Emergency Generation for the Mid-Atlantic region with the exception of the BC and PEP transmission zones. **At this time, PJM terminated scarcity pricing for the SMAAC scarcity pricing region.**

At **5:59 p.m.**, PJM cancelled the Voltage Reduction for the BC and PEP transmission zones. Because Maximum Emergency Generation remained loaded for the BC, PEP and Dominion transmission zones at this time, scarcity pricing remained in effect for the SBEDBLA scarcity pricing region.

At **6:12 p.m.**, PJM cancelled the Maximum Emergency Generation Action for the BC, PEP, and Dominion transmission zones. **Scarcity pricing for the SBEDBLA scarcity pricing region was terminated at this time.**