

MIC Information Session Balancing Operating Reserves

April, 2010

Update from Information Session

1. **Action Item:** PJM is investigating enhancements to the MSRS Operating Reserve Generator Deviations Report and documentation.

Status: An update will be provided at the next meeting

2. **Action Item:** PJM is analyzing a sampling of high BOR days in January, 2010 – March 2010 to explore areas of refinement of Regional Balancing Operating Reserve Cost Allocation (BORCA) Criteria (ie):

- Modifications for hours when the units operate at less than 4 intervals
- Others suggested by participants?

Status: At next MIC, present results to quantify impact of suggested rule change for days analyzed. Provide MIC with suggested language for voting consideration.

Modification for hours when the units operate at less than 4 intervals

- **Current Business Rule**

- During the Operating Day, Balancing Operating Reserve credits earned by units called on by PJM to operate during the operating day for which the LMP at the unit's bus does not meet or exceed the unit's applicable offer (cost or price) **for at least four, 5-minute intervals of at least one clock hour** during which the unit was running at PJM's direction will be allocated according to ratio share of load plus exports.

- **Issue Identified**

- Does not account for when units are producing MWs for less than 4 intervals
- When there is an hour that a unit operating for less than 4 intervals (i.e. unit is ramping up/down), the rule as written, assigns the unit a BOR Reason for that hour and can skew the allocation of Balancing Operating Reserve Credits to the wrong bucket.

- **Suggested Modification**

- Modify rules and tariff to check for the criteria in the business rule only for intervals where the unit is producing MW.

Unit X

	HE 17	HE 18	HE 19	HE 20	HE 21
Hourly Integrated MW Output	86 MW	184 MW	184 MW	185 MW	64 MW
BOR Reason	Deviations	Reliability	Reliability	Reliability	Deviations

NOTE:

- Unit X only produced MW for 4 intervals or less in hours 17 and 21, and was given a BOR Reason of “Deviations”.
- Under the current rules, because Unit X has a BOR Reason as Deviations in Hours 17 and 21, the BOR Credits paid to this unit For operating Hours 17 – 21 are allocated to Deviations
- The result of revising the rules will be that if a unit was running for less than 4 intervals in an hour, it will be assigned for “reliability” during that hour