



Energy and Reserve Pricing & Interchange Volatility MIC Special Sessions Update

Lisa Morelli

April 24, 2014

- Two pronged issue charge approved at November MRC
 - Interchange Volatility
 - Determine whether enhancements can be made to existing rules for transaction scheduling to improve system and price stability
 - Energy and Reserve Pricing
 - Determine whether enhancements can be made to better capture conservative operator actions in market clearing prices
- Pre-summer 2014 target implementation date

- PJM short-term proposal focuses on:
 - Increasing day-ahead and real-time reserve requirements under specified conditions by a fixed reserve adder when additional resources are scheduled to cover operational uncertainty
 - Reserve requirements are increased in market clearing engines
 - Real-time Reserve adder = default MAD Synch Reserve requirement (1300 MW)
 - Day-ahead Reserve adder = 3% of forecasted load
 - Emergency procedures will still be initiated based on reserve requirements in M13
 - Formalizing the incorporation of long lead time gen into the DA market

Triggers for increased reserve requirements (Entry Criteria)

Hot or Cold Weather Alert or Max Emergency Generation Alert issued for RTO, Mid-Atlantic Dominion or Mid-Atlantic regions

and

PJM operators see the need for significant additional reserves and do not believe the increased requirement will create operational control problems

Exit Criteria

DA: Anticipated cancellation of Hot or Cold Weather Alert or Max Emergency Gen alert prior to the operating day

RT: Cancellation of Hot or Cold Weather Alert or Max Emergency Gen alert, or if the increased reserve requirement is creating operational control issues

- In the case of operational control issues, the reserve adder would be reduced to 50% of the MAD SR requirement. If conditions persist, the requirement may be reduced further.

- **Section 2.3.3 – Market Sellers**
 - added requirement for units with notification and startup exceeding 24 hours to modify notification and startup time to allow unit to be committed in the Day-ahead Market if the unit was called on by PJM dispatch in advance of the close of the Day-ahead Market bidding period
- **Section 4.2.2 - Synchronized Reserve Requirement Determination**
- **Section 11.2.1 – Day-ahead Scheduling Reserve Market Reserve Requirement**

- Upcoming meetings

Date	Time
Monday, April 28	1:00 pm – 4:00 pm

- Review any additional packages submitted by participants
- Vote requested at May MRC