



955 Jefferson Ave.
Valley Forge Corporate Center
Norristown, PA 19403-2497

October 16, 2009

Steven R. Herling
Chairman Planning Committee
PJM Interconnection
955 Jefferson Avenue
Norristown, PA 19403

Dear Mr. Herling,

The Reserve Requirement Assumptions Working Group (RRAWG) has completed its review of the 2009 PJM Reserve Requirement Study (RRS) report. The review efforts are in accordance with the RRAWG Charter, as approved by the Planning Committee and posted at:

<http://www.pjm.com/committees/working-groups/rrawg/downloads/rrawg-charter.pdf> .

The review included the following efforts:

- Development and completion of the Study assumptions, including an activity timeline
- Participation in WG meetings to discuss and review PJM staff progress in developing the Study model data
- Identification of modeling improvements for incorporation into the analysis and report, as described in the May 13 RRS Study Assumptions letter
- Participation in WG meetings to discuss and review preliminary analysis results
- Verification that all base case study assumptions are fully and completely adhered to
- Review of draft versions and final version of the study report
- Coordination with PJM staff to clarify reported items and incorporate WG member feedback

In the course of the work, the WG evaluated several modeling issues that were mentioned in the May 13 RRS Study Assumptions letter and eight issues requested by the Planning Committee. The results of these investigations are discussed in the body of the 2009 Report.

The 2009 Report presents a significant amount of detail. While the WG appreciates the technical detail, it does point out the importance of balancing the inclusion of a large amount of information with the need to explain study results and conclusions in a clear and concise manner. This report, although comprehensive, is a slightly reduced version of previous reports. Two items included in previous reports, modeling parameters and sub-regional summaries, will be provided through a separate web posting at a later date.

PJM did make changes to the final report based on feedback received from the WG. To gather input after this report is released, the Planning Committee and membership at large are requested to submit any substantive comments on the report to PJM by November 4, 2009. (This is one week prior to the November meeting of the Markets and Reliability Committee.)

After review and discussion of the study results, the WG endorsed the PJM recommendation shown in the table below. This recommendation is based on a WG vote of 4 parties in favor, 2 opposed and 2 abstentions.



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RRS Year	Delivery Year Period	Calculated IRM	Recommended IRM	Avg. EFORd *	Recommended FPR	Recommended DR Factor
2009	2012 / 2013	15.4%	15.4%	6.28%	1.0815	0.955
2009	2013 / 2014	15.3%	15.3%	6.30%	1.0804	0.957

Note: Avg. EFORd does not include Outside Management Control generator outage events.
* EFORd = Equivalent Demand Forced Outage Rate

After review of the winter reserve analysis results, the WG unanimously endorsed the PJM recommendation of a 25 % winter weekly reserve target for the 2009/2010 winter period.

The review efforts of the RRAWG will be concluded upon acceptance of this report by the Planning Committee.

Respectfully,

Thomas A Falin
RRAWG Chairman