

## RRAWG Review of Study -- Transmittal Letter to PC

September 30, 2010

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 2010 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
- Identification of modeling improvements for incorporation into the analysis and report, as described in the May 7, 2010 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

**After review and discussion of the study results, the WG unanimously endorsed the PJM recommendation shown in the table below.**

RRS Year	Delivery Year Period	Calculated IRM	Recommended IRM	Avg. EFORd *	Recommended FPR	Recommended DR Factor
2010	2012 / 2013	15.5%	<b>15.5%</b>	6.26%	<b>1.0827</b>	<b>0.954</b>
2010	2013 / 2014	15.3%	<b>15.3%</b>	6.25%	<b>1.0809</b>	<b>0.956</b>
2010	2014/2015	15.3%	<b>15.3%</b>	6.25%	<b>1.0809</b>	<b>0.956</b>

Note: Avg. EFORd does not include Outside Management Control generator outage events.

\* EFORd = Equivalent Demand Forced Outage Rate

**After review of the winter weekly reserve analysis results, the WG unanimously endorsed the PJM recommendation of a 26% winter weekly reserve target for the 2010/2011 winter period.**

PJM will be requesting Planning Committee endorsement of the recommendations detailed above at your October 6, 2010 meeting.

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

Respectfully,

Thomas A. Falin  
RRAWG Chair