Balancing Operating Reserve Load Reconciliation Settlements

MSS
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Current Balancing Operating Reserve Load Reconciliation Settlements

- PJM reconciles Operating Reserve charges that are based on load ratio shares – Balancing Operating Reserve Charges for Reliability

- Load reconciliation settlements only impacts EDC and LSE

- Daily Balancing OR Reconciliation Settlement = Reconciliation MWh * Billing Determinant by Region (East, West, RTO)

- Daily Billing Determinant (in $/MWh) by Region = Total Balancing OR charges for Reliability / Total RT Load and RT Exports
Balancing Operating Reserve Deviation Charges

• Reconciling Balancing OR Deviation charges would impact all participants with BOR deviations not just the EDC and LSE.

• BOR Withdrawal Deviations for each participant = Absolute Value of (DA demand bid + DA Dec bid + DA sale transactions – RT load – RT sale transactions)

• Load Reconciliation MWh does not have an equal and opposite impact on the EDC and LSE due to the comparison to DA activity.

• Load Reconciliation would change the total deviations and therefore impact all participants with BOR deviations.
**Example**

<table>
<thead>
<tr>
<th></th>
<th>DA Load</th>
<th>Original Settlement Load</th>
<th>Recon MWh</th>
<th>Settlemnt B Load</th>
<th>Original BOR withdrawal deviation</th>
<th>Original BOR Other deviations</th>
<th>Actual BOR withdrawal deviations</th>
<th>Delta withdrawal deviations</th>
<th>Original BOR Deviations * Delta Rate</th>
<th>Delta Withdrawal Deviations * Revised BOR Rate</th>
<th>Total BOR Deviation Reconciliation Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EDC</strong></td>
<td></td>
<td>500</td>
<td>800</td>
<td>-100</td>
<td>700</td>
<td>300</td>
<td>200</td>
<td>-100</td>
<td>26.79</td>
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<td>-44.64</td>
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<td><strong>LSE 1</strong></td>
<td></td>
<td>1200</td>
<td>1000</td>
<td>100</td>
<td>1100</td>
<td>200</td>
<td>100</td>
<td>-100</td>
<td>17.86</td>
<td>-71.43</td>
<td>-53.57</td>
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<td><strong>Other Participant</strong></td>
<td></td>
<td>1100</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td>98.21</td>
<td>0</td>
<td>98.21</td>
</tr>
</tbody>
</table>

Original RTO BOR Charges = $1000
Original RTO BOR Deviations = 1600 MWh
Original RTO BOR Deviation Rate = 0.625 $/MWh

Reconciliation RTO BOR Deviations = 1400 MWh
Revised RTO BOR Deviation Rate = 0.7143 $/MWh
Delta RTO BOR Deviation Rate = 0.0893 $/MWh

BOR Deviations Reconciliation Settlement = (Original BOR Deviations * Delta RTO BOR Deviation Rate) + (Delta Withdrawal Deviations * Revised RTO BOR Deviation Rate)