

OA Revisions

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each such self-scheduled resource will disconnect or reduce output, or confirmation of the Market Buyer's intent not to reduce output.

(c) All Market Participants shall submit to the Office of the Interconnection schedules for any bilateral transactions involving use of generation or Transmission Facilities as specified below, and shall inform the Office of the Interconnection whether the transaction is to be included in the Day-ahead Energy Market. Any Market Participant that elects to include a bilateral transaction in the Day-ahead Energy Market may specify the price (such price not to exceed the maximum price that may be specified in the PJM Manuals), if any, at which it will be wholly or partially curtailed rather than pay Transmission Congestion Charges. The foregoing price specification shall apply to the price difference between the specified bilateral transaction source and sink points in the day-ahead scheduling process only. Any Market Participant that elects not to include its bilateral transaction in the Day-ahead Energy Market shall inform the Office of the Interconnection if the parties to the transaction are not willing to incur Transmission Congestion Charges in the Real-time Energy Market in order to complete any such scheduled bilateral transaction. Scheduling of bilateral transactions shall be conducted in accordance with the specifications in the PJM Manuals and the following requirements:

- i) Internal Market Buyers shall submit schedules for all bilateral purchases for delivery within the PJM Region, whether from generation resources inside or outside the PJM Region;
- ii) Market Sellers shall submit schedules for bilateral sales to entities outside the PJM Region from generation within the PJM Region that is not dynamically scheduled to such entities pursuant to Section 1.12; and
- iii) In addition to the foregoing schedules for bilateral transactions, Market Participants shall submit confirmations of each scheduled bilateral transaction from each other party to the transaction in addition to the party submitting the schedule, or the adjacent Control Area.

(d) Market Sellers wishing to sell into the Day-ahead Energy Market shall submit offers for the supply of energy (including energy from hydropower units), demand reductions, Regulation, Operating Reserves or other services for the following Operating Day. Offers shall be submitted to the Office of the Interconnection in the form specified by the Office of the Interconnection and shall contain the information specified in the Office of the Interconnection's Offer Data specification, as applicable. Market Sellers owning or controlling the output of a Generation Capacity Resource that was committed in an FRR Capacity Plan, self-supplied, offered and cleared in a Base Residual Auction or Incremental Auction, or designated as replacement capacity, as specified in Attachment DD of the PJM Tariff, and that has not been rendered unavailable by a Generation Planned Outage, a Generator Maintenance Outage, or a Generation Forced Outage shall submit offers for the available capacity of such Generation Capacity Resource, including any portion that is self-scheduled by the Generating Market Buyer. Such offers may be designated as Maximum Emergency Offers only to the extent the criteria specified in section 6A.1.3 of this Schedule are satisfied. Any Generation Capacity Resource offer not so designated shall be considered available for scheduling and dispatch under both Emergency and non-Emergency conditions. The submission of offers for resource increments that have not cleared in a Base Residual Auction or an Incremental Auction, were not committed in an FRR Capacity Plan, and were not designated as replacement capacity under Attachment DD of the PJM Tariff shall be optional, but any such offers must contain the information specified in the Office of the Interconnection's Offer Data specification, as applicable. Energy offered from generation resources that have not cleared a Base

Residual Auction or an Incremental Auction, were not committed in an FRR Capacity Plan, and were not designated as replacement capacity under Attachment DD of the PJM Tariff shall not be supplied from resources that are included in or otherwise committed

6A Scarcity Pricing.

6A.1 Scarcity Conditions

6A.1.1 Commencement of Scarcity Conditions. Scarcity conditions that trigger scarcity pricing will occur when the Office of the Interconnection's system operators perform any one of the following identifiable, specifically defined actions for a Scarcity Pricing Region:

- a) Begin to dispatch online generators, which are partially designated as Maximum Emergency, into emergency output levels.
- b) Begin to dispatch online generators, which are designated entirely as Maximum Emergency, above their designated minimum load points, if they are currently online and operating at their minimum load points because of restrictive operating parameters associated with the generators.
- c) Begin to dispatch any offline generators that are designated entirely as Maximum Emergency and that have start times plus notification times less than or equal to 30 minutes.
- d) Voltage reduction action as described in the PJM Manuals.
- e) Emergency energy purchases pursuant to section 1.6.2(vi) of this Schedule.
- f) Manual load dump action as described in the PJM Manuals.

Whenever the Office of the Interconnection's system operators take any of the above designated actions triggering scarcity pricing, they shall post on the PJM website the emergency message describing the action and include in the posting the Scarcity Pricing Region for which the action is being taken.

6A.1.2 Termination of Scarcity Conditions.

Scarcity pricing will be terminated in a Scarcity Pricing Region when demand and reserves can be fully satisfied with generation that is not designated Maximum Emergency. Under this condition, some generation that is designated Maximum Emergency may continue to operate due to timing limitations or operating limitations, but that generation is no longer needed under dispatch to satisfy system requirements, and scarcity pricing will no longer apply. Under no circumstances shall scarcity conditions be terminated if any of the following conditions remain in effect for the Scarcity Pricing Region:

- a) Voltage reduction action as described in the PJM Manuals.
- b) Emergency energy purchases from offers that do not have minimum purchase requirements of greater than 30 minutes duration attached to the offer.
- c) Manual load dump action as described in the PJM Manuals.

The Office of the Interconnection shall post on the PJM website the time when scarcity conditions are terminated.

6A.1.3 Maximum Emergency Offer Limitations.

For purposes of defining scarcity conditions, the Office of the Interconnection shall consider units that have been classified as Maximum Emergency only if they fall in one of the following categories:

- a) Environmental limits. If the unit has a hard cap on its run hours imposed by an environmental regulator that will temporarily significantly limit its availability, on either a temporary or long-term basis.
- b). Fuel limits. If physical events beyond the control of the unit owner result in the temporary interruption of fuel supply and there is limited on-site fuel storage. A fuel supplier's exercise of a contractual right to interrupt supply or delivery under an interruptible service agreement shall not qualify as an event beyond the control of the unit owner.
- c) Temporary emergency conditions at the unit. If temporary emergency physical conditions at the unit significantly limit its availability.

- d) Temporary megawatt additions. If a unit can provide additional megawatts on a temporary basis by oil topping, boiler over-pressure, or similar techniques and such megawatts are not ordinarily otherwise available.

The Office of the Interconnection shall post on its website the aggregate amount of generation megawatts that are classified as Maximum Emergency.

6A.2 Scarcity Pricing Regions.

6A.2.1 Established Scarcity Pricing Regions.

There shall be the following Scarcity Pricing Regions: (1) Entire Market Region consisting of all transmission zones in the PJM market; (2) Bedington-Black Oak Region consisting of all pricing nodes that have a 5% or greater positive power distribution factor (“dfax”) relative to the Bedington-Black Oak constraint; (3) the Eastern MAAC Region consisting of all pricing nodes that have a 5% or greater dfax relative to the Eastern Reactive Transfer constraint, (4) Eastern Market Region consisting of all pricing nodes that have a 5% or greater positive dfax relative to the Bedington-Black Oak and the Central Reactive Transfer constraints; (5) the MAAC Region, consisting of all pricing nodes that have a 5% or greater positive dfax relative to the Western Reactive Transfer constraint; and (6) the AP South Region, consisting of all pricing nodes that have a 5% or greater positive dfax relative to the AP South Reactive Transfer constraint.

6A.2.2 Annual Review of Scarcity Pricing Regions.

On an annual basis, PJM will review the defined Scarcity Pricing Regions and file changes (additions or deletions) to them with the Commission, as required. Additional Scarcity Pricing Regions must meet the following criteria: (1) consist of at least two entire transmission zones; (2) consist of contiguous transmission zones and sub-zones; (3) transmission import or transfer must be limited by EHV (500 kV or greater) constraints; and (4) consist of pricing nodes that have a 5% or greater positive dfax relative to the constraints.

