



IRD Update

Michael Zhang, PJM
OC
October 07, 2022

3/4

- IRD proposal filed
- Additional responses to comments

5/13

- Commission issued Deficiency Notice (DN)
- Responded to DN and additional comments

8/15

- FERC Order issued rejecting IRD
- Requested re-hearing

- IRD proposal is unjust and unreasonable as it fails to model actual system conditions and therefore is likely to result in artificially inflated prices, preventing PJM from achieving a least cost solution.
 - This could result in misalignment between prices and actual system conditions
- IRD will not result in the least cost solution.

- Even when a contingency event is the result of the largest contingency, the IRD case might not be representative of actual system conditions if the contingency event occurs near a constraint or within a reserve sub-zone, because IRD would model an RTO-level increase in load.
 - Inaccurate dispatch may not alleviate a contingency and IRD would fail to achieve its stated purpose (system recovery from a contingency)
- Commission's findings do not preclude PJM from proposing future improvements (better alignment of prices with actual emergency conditions) to the current all-call approach.

- The main goal for IRD has been to make enhancements around the process of deploying reserves to improve reliability.
 - Not intended to arbitrarily increase prices, better pricing alignment should improve performance and incentivize desired behavior
 - Use of largest contingency allows for proactive Dispatch actions without delays during an Emergency Procedure
- IRD offers significant reliability improvements over the status quo method of using the all-call.
 - Emphasized in re-hearing filing and commissioner's dissenting opinion
- Work in balance with Reserve Price Formation Changes (10/1).

- Ample value in continuing to explore a path forward with core concepts of IRD with some adjustments based on FERC Order.
 - Maintain reliability benefits while addressing pricing concerns
 - Adjust design options to reflect current Market construct
- Restarting stakeholder process with quicker turnaround.
 - Reconvene SRDTF with updated IC that allows for more latitude on Market/pricing changes
 - PJM will look to bring some initial options and gather feedback
- Review updated metrics based on recent reserve deployment events.

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IRD Update



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