

# Sub-Annual Markets

PJM Markets & Reliability Committee

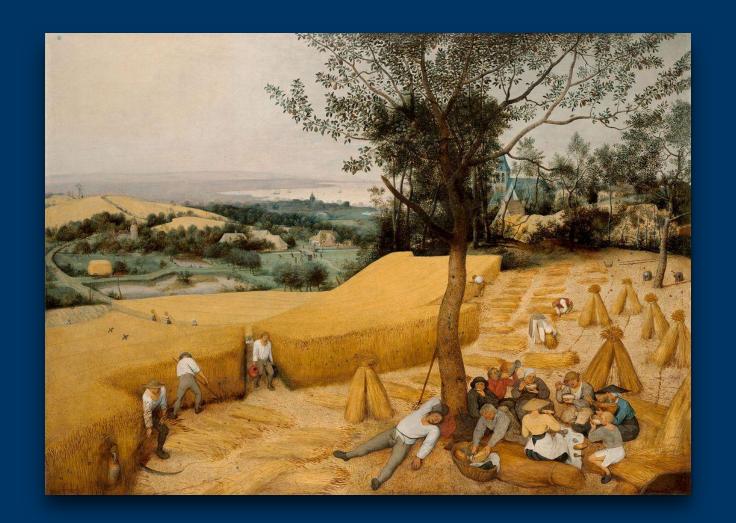
### Problem Statement

#### Sub-Annual Markets Offer Significant Benefits

- In today's world, winter peak risks are not always correlated with summer peak risks
- Summer peak procurement may not provide year-round reliability
- Summer peak procurement does not accurately reflect seasonal attributes of generating fleet
- Lack of sub-annual construct results in inefficient procurement, reducing effectiveness of BRA market signals, overcharging ratepayers, and failing to accurately reflect system capabilities and weaknesses



Spring



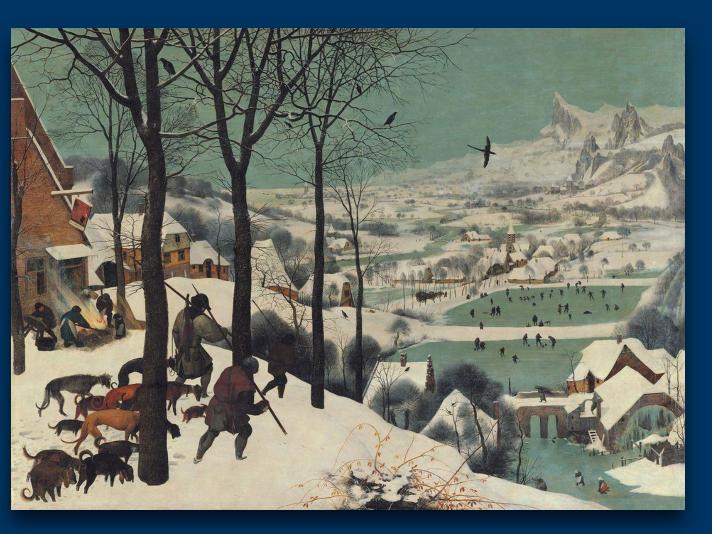
Pieter Brueghel the Younger

The Seasons

1565

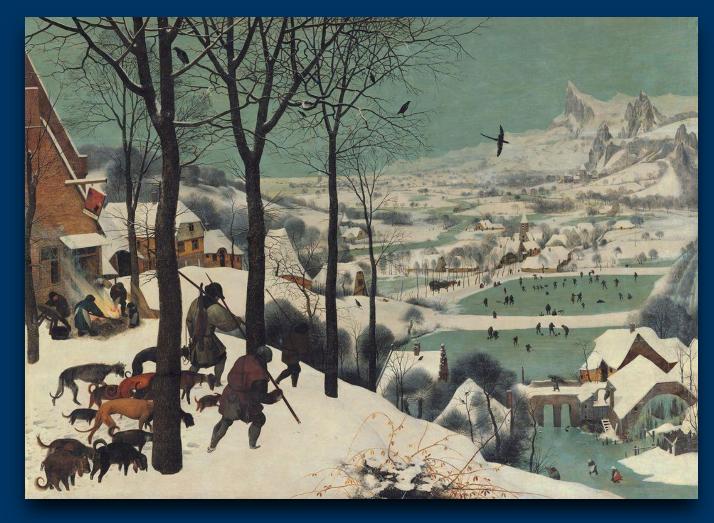


Summer

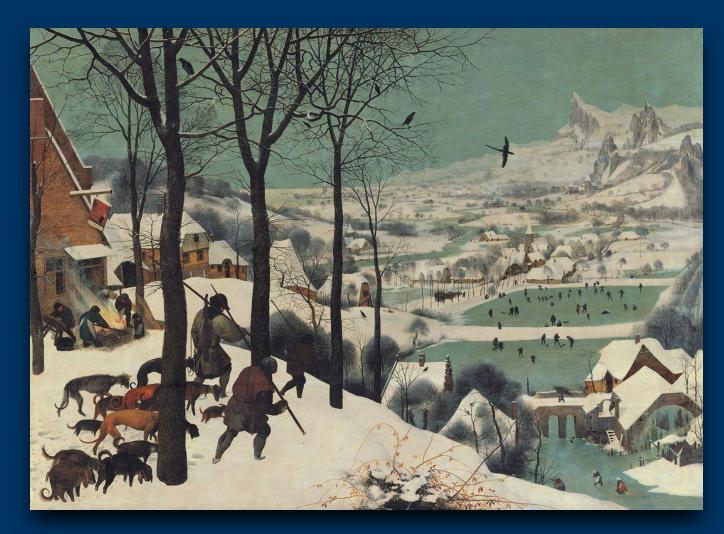


Winter

Fall



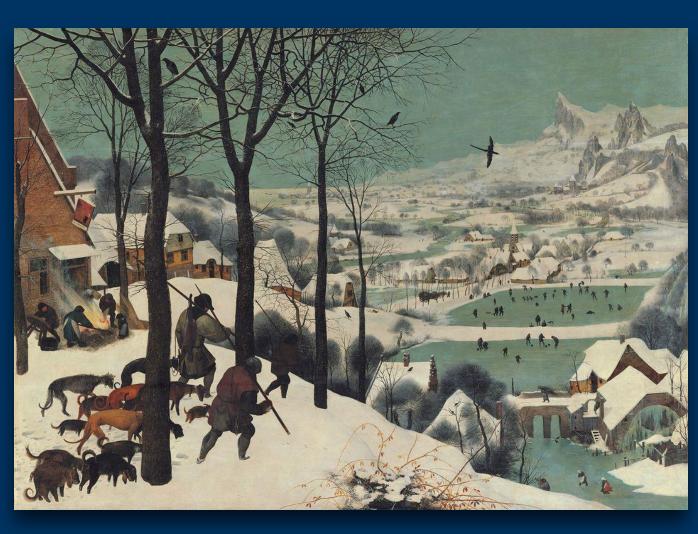
Spring



Reliability Pricing Model *The Seasons*2006



Summer



Winter

Fall

## Issue Charge

#### **Action is Needed**

- Every other RTO in our region has already implemented a sub-annual construct
- Better alignment with real-world conditions will begin to improve public confidence in RPM
- Create Sub-Annual Senior Task Force to propose a sub-annual solution that includes:
  - Sub-annual reliability requirements, targets, and demand curves
  - Sub-annual CETL values
  - Sub-annual resource capacity ratings, resource accreditation, and resource qualifications
  - A sub-annual auction structure with sub-annual clearing prices
  - Sub-annual capacity obligations and charges, including potential changes to planned maintenance and outage rules
  - Sub-annual resource offer caps

### Timeline

#### Compressed auction calendar necessitates tight deadlines

- BRA timeline will lock in inadequate approach for remainder of the decade
- Senior Task Force conclusions targeted for Q1 2026
- Objective: consensus proposal with broad stakeholder agreement
- Deadline: implement sub-annual construct by 2029-30 BRA

# Questions?

Jacob Finkel
Office of the Governor
717-787-2500
jafinkel@pa.gov