

Flexible Resource Definition

Susan Kenney

Sr. Manager, Market Settlements Development

Markets and Reliability Committee

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- Flexible resources are those with a combined startup time and notification time of 2 hours or less and a minimum run time 2 hours or less
 - Distinct Startup, Notification and Minimum Run times can be specified by schedule, leading to cases where resources may be flexible on one schedule but not all available schedules

- Resources that clear in DA on an inflexible schedule are flagged for PJM Dispatch to coordinate the appropriate study and call-on time according to the DA commitment during the operating day.
- Resources that clear on a flexible schedule in DA do not follow their DA commitment and are left for re-evaluation in the Real-time Market.
- Resources that clear on a flexible schedule in DA and do not run are eligible to receive Flexible Resource Lost Opportunity Cost (LOC) Credits to cover losses in excess of DA revenues from DA buy back and/or forgone profits

- Resources that clear in DA on a flexible schedule may not have all available schedules set up as flexible and may result in an inability to schedule the resource in real-time
 - For example, a resource may be committed Day-Ahead on a flexible cost-based schedule because it failed the TPS test for an anticipated transmission constraint.
 - If the constraint doesn't materialize in real-time, the resource would be evaluated on its inflexible market-based offer with time to start outside of ITSCED's lookahead leading to an inability for it to be recommended to come online.
 - Flexible Resource LOC credits may still be paid even if the resource could not be scheduled in real-time.

- Refine the definition of flexible resources to require flexibility on all available schedules.
- In the event all available schedules are not flexible, the resource would be treated as inflexible for real-time operation and LOC purposes.
 - Inflexible resources are expected to operate in real-time according to their day-ahead schedule
 - Inflexible resources are eligible for LOC if reduced or suspended in real-time by PJM due to a transmission constraint or for other reliability reason

- **Definitions** updated Flexible Resource Definition to require combined startup time and notification time of 2 hours or less and a minimum run time 2 hours or less *on all available schedules*
- **Att K-Appendix, Section 1.10.2** added paragraph (g) to capture existing practice of Flexible CTs and diesels with DA commitments to wait for PJM Dispatch instructions prior to running in RT.
- **Att K-Appendix, Section 3.2.3** updated paragraph (f-1) to limit Flexible Resource LOC credits to those resources that meet the new definition and are not expected to run in real-time as described in (g) above.

**The same changes are needed in the parallel provisions in Operating Agreement*

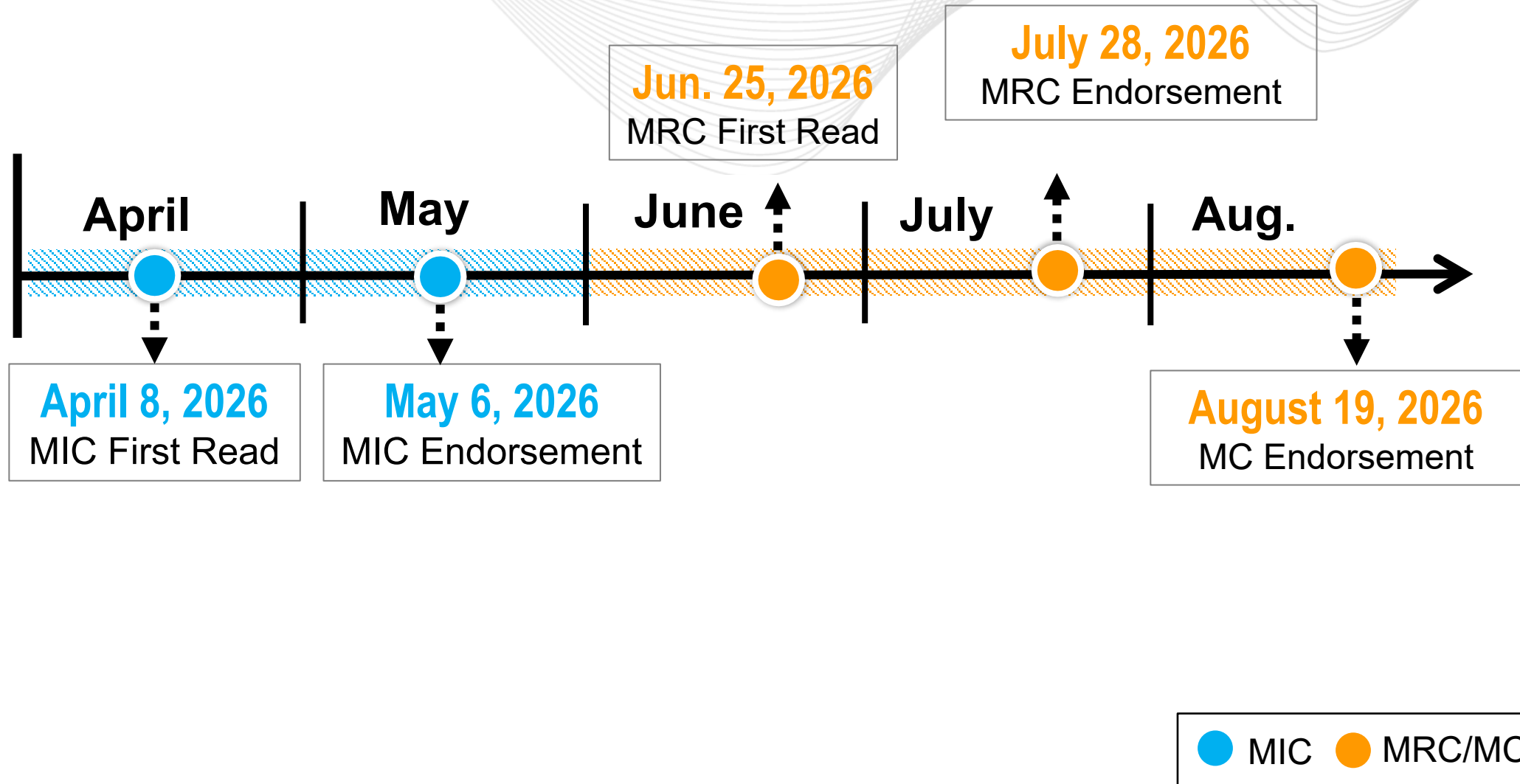
- **Section 2.3.3** memorialized expectation of Flexible CTs and diesels with DA commitments to wait for PJM Dispatch instructions prior to running in RT.
- **Section 2.3.6.1** clarified applicability of existing offer capping practices for Flexible CTs and diesels and inflexible resources
- **Section 5.2.6** clarified expectation of Flexible CTs and diesels with DA commitments to wait for PJM Dispatch instructions prior to running in RT.

*Manual revision approval conditioned on FERC approval of associated Tariff filing.

- **Section 5.2.1** clarified those resources that meet the Flexible Resource definition for their Day-ahead commitment period that are not called on in RT may be eligible for Flexible Resource LOC credits
 - Clarified LOC eligibility when units with a Day-ahead commitment are denied to come online by PJM for reliability or transmission
- **Section 5.2.6.3** clarified eligibility requirements of Flexible Resource LOC
 - Relocated ineligibility requirements previously included in 5.2.1

*Manual revision approval conditioned on FERC approval of associated Tariff filing.

Review/Endorsement Timeline



SME/Presenter:
Susan Kenney, Susan.Kenney@pjm.com



Member Hotline

(610) 666-8980

(866) 400-8980

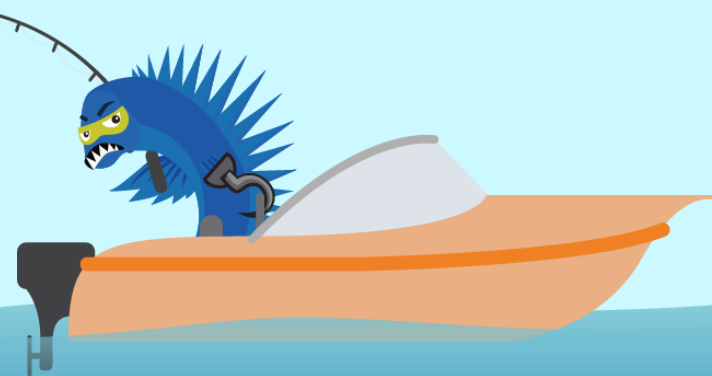
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