PJM Comments Following the May 1, 2025 Reserve Certainty Senior Task Force Meeting

Agenda Item 1: 2025 Polar Vortex

High-level comments: The current Day-Ahead Energy Market is diverging from operational reality and does not reflect the reserve quantities required to maintain reliability. PJM does agree that none of the reforms currently being discussed in the RCSTF will address the misalignment between the electricity and gas markets, which can result in the need to make multiday commitments on gas resources over long weekends. However, it is PJM's perspective that we have to first resolve the foundational, day-to-day issues of reflecting the needed operational reserves in our current Day-Ahead Market construct before it makes sense to discuss multiday market solutions.

1. **Slide 3: The IMM states the goal is to have operational decisions made by the markets, and further states PJM has failed to explain how reforming the current reserve markets would have produced the desired commitments.**

   PJM believes a goal of the RCSTF effort is that operational needs need to be reflected into the markets.

   In the 2025 Polar Vortex, PJM took the necessary actions and made advance commitments to ensure a reliable operating plan going into the cold weather. The current Day-Ahead Market reserve is diverging from operational reserves. There is no rationale for a flat 3,000 MW Operating Reserve requirement. Additionally, the current Operating Reserve requirement does not reflect the risk or uncertainty that the system operators face. If **both** are not corrected, we are putting reliability at risk and undermining the market signals for the needed resources and reliability attributes.

   PJM presented at the March RCSTF,[1] showing how the current reserve needs were not adequate to allow the market to reflect the operational need, and how reserve reforms would have resulted in more appropriate market outcomes. The development of uncertainty and ramping reserves, in addition to price formation for these reliability products, is foundational to the needed market reforms.

   PJM also noted that the 2025 Polar Vortex had additional challenges to the system reserve needs. The gas-electric coordination was another challenge associated with this event. The gas-electric coordination improvement work is being discussed in a number of venues. The RCSTF is looking at important offer structure reforms to reflect gas procurement in the market, the MIC is looking at cost offers for long-lead commitments[2] that can better reflect the costs of those resources, and the Electric Gas Coordination Subcommittee[3] is addressing larger coordination efforts.

[1] https://www.pjm.com/-/media/DotCom/committees-groups/task-forces/rcstf/2025/20250312/20250312-item-03---rcstf-work-and-mlk-challenges.pdf
[2] https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250305/20250305-item-02-2b---offer-capping-for-advance-scheduled-resources---issue-charge---clean.pdf
[3] PJM – Electric Gas Coordination Subcommittee

2. **Slide 4: IMM shares that PJM declared conservative operations from Jan. 20 through Jan. 23.**

   PJM did more than just declare conservative operations, as described in the March 12 RCSTF in the presentation.[4]

3. **Slide 18: IMM references PJM had 8,065 MW available of Demand Response.**

   The 8,065 MW of Demand Response is the 2024/2025 capacity value for Load Management. During the event, PJM had a maximum of 4,393 MW of Demand Response available.[5]

4. **Slide 20: The IMM states that the commitments PJM made during the 2025 Polar Vortex cannot be made by the energy markets (day-ahead/real-time) since PJM does not have a market that procures energy multiple days in advance.**

   Not all advance commitment actions taken during the January cold weather would be addressed through the reserve certainty effort, and PJM highlighted the additional challenges with the weekend gas packages in the March RCSTF. What is important to note is that a multiple-day market provides no value if a large divergence between operational needs and market requirements continues to exist. There is no rationale for a flat 3,000 MW Operating Reserve requirement. Additionally, the current Operating Reserve requirement does not reflect the risk or uncertainty that the system operators face. PJM needs to address this issue by allowing operational risk and uncertainty to be reflected in markets.

[4] See Slide 5; https://www.pjm.com/-/media/DotCom/committees-groups/task-forces/rcstf/2025/20250312/20250312-item-02---january-2025-cold-weather-update-rsctf.pdf
[5] See slide 43: 20250206-item-06---january-2025-cold-weather-update.pdf