

On May 2, 2025, PJM opened polling to solicit feedback on reserve market reform priorities. OPSI offers the following feedback on priorities to that poll.¹

Reforms Related to a Changing Fuel Mix: Reforms Related to a Changing Fuel Mix: Based on PJM's queue, it is clear that PJM's fuel mix will have an increasing mix of intermittent resources, mainly wind and solar. PJM's existing reserve requirements may need to be adjusted to account for the uncertainty of the intermittent resource generation, as well as address the ramping capability of the system. OPSI believes these reserve and ramping needs should be studied and addressed if necessary. OPSI takes no position as to whether new ramping products will be needed. Rather, PJM should work with stakeholders to identify the optimal mix of existing reserve/fast-start products, possible new ramping products, or simply continuous improvements in the commitment methods, performance measurement, performance incentives, and penalties/claw backs for non-performance which may meet any new operational requirements. These issues are of medium importance now but may be of high importance as intermittent penetration increases. Solutions should be developed now, tested incrementally, implemented over time, and may need to be adjusted to reflect the actual needs of the grid, not just predictions of future concerns. This recommendation should not necessarily be viewed as endorsing the creation of product or markets strictly for the purpose of preventing uplift. Competitive markets should serve to reduce costs to customers.

Extended Winter Storm Period Commitment Challenges: In order to ensure winter reliability during severe cold weather events, PJM has developed conservative operational practices to ensure generation performance during these cold weather events. One of the conservative operational practices involves multi-day commitment of at-risk generation. PJM has found this to be necessary to address the cold weather operating parameters of some units, and address challenges of purchasing natural gas during weekends, holidays, and during times when interstate pipelines and local distribution companies are fully nominated or require advanced natural gas scheduling. However, this out-of-market advanced day scheduling has resulted in periods of very high uplift costs. Beyond more fundamental capacity market reforms which are out of scope in this issue charge, PJM should prioritize methods to reduce undue uplift where *feasible and cost effective*. Solutions such as, but not limited to, involving more precise multi-day scheduling commitments, alignment of pricing commitments and dispatch commitments, and multi-day uplift settlement of uplift payments should be considered in the immediate time frame

¹ OPSI's following members support this feedback: the Delaware Public Service Commission, Public Service Commission of the District of Columbia, Illinois Commerce Commission, Kentucky Public Service Commission, Maryland Public Service Commission, Michigan Public Service Commission, New Jersey Board of Public Utilities, North Carolina Utilities Commission, Pennsylvania Public Utility Commission, Tennessee Public Utility Commission, Virginia State Corporation Commission, and Public Service Commission of West Virginia. The Indiana Utility Regulatory Commission and Public Utilities Commission of Ohio abstained in the vote on this filing.

in the stakeholder process. Similar to the comments above, uplift, markets and market rules should be balanced so as to reliably delivery electricity to customers at the lowest cost.

Continuous Improvement in Reserve Performance: Sync Reserve performance during sync events, while improving slightly, remains inadequate. During November and December 2024, generator performance metrics indicate a 45% to 78% performance level, even on a netted basis. This performance may lead to reliability challenges, regardless of any increasing levels of generation volatility that may be attributed to an influx of new intermittent resources. PJM should prioritize continuous improvement in commitment methods, performance measurement, performance incentives, and penalties/claw backs for non-performance which may meet these new operational requirements. Additionally, to the extent generators demonstrate that they are not recovering their incremental costs related to reserve offers, reserve offer prices should be examined to ensure those resources have the opportunity to recovery their just and reasonable costs in the aggregate across all markets they choose to participate in over the course of the delivery year. PJM has developed a joint PJM/IMM package to address some of these issues related to “Balancing Operating Reserve (BOR) Credit Reform”. OPSI takes no position on that joint package, but notes that these proposed reforms would not be scheduled to be implemented until the end of 2026/early 2027. Given current levels of performance, additional *timely* performance-related reforms are necessary.