

# PLS Compliance

MIC

December 11, 2019

Market Monitoring Unit



Monitoring Analytics

# Compliance Issue

- **The PJM Operating Agreement requires the use of flexible parameters for:**
  - **Market Sellers that fail the TPS test and**
  - **Capacity resources during emergency conditions.**
- **Flexible parameters have never been implemented consistently in either case.**
- **This is strictly a compliance issue.**

## 6.6 Minimum Generator Operating Parameters – Parameter Limited Schedules.

(a) Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on cost-based offers, which are always parameter limited. Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on market-based offers conforming to parameter limitations (“parameter limited schedules”) under the following circumstances:

- (i) The Market Seller fails the three pivotal supplier test. When this subsection applies, the parameter limited schedule shall be the less limiting, i.e. more flexible, of the defined parameter limited schedules or the submitted offer parameters.
- (ii) For the 2014/2015 through 2017/2018 Delivery Years, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency or a Maximum Generation Emergency Alert for all, or any part, of an Operating Day.
- (iii) For Capacity Performance Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert, Hot Weather Alert, Cold Weather Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency, Maximum Generation Emergency Alert, Hot Weather Alert or Cold Weather Alert for all, or any part, of an Operating Day.



# When parameter limits have been applied:

	Emergency Conditions	Market Power (TPS Fail)
Before Capacity Performance	If nonPLS Price schedule is unavailable	If Cost offer < nonPLS price offer
With Capacity Performance	If nonPLS Price offer > Price PLS offer	If Cost offer < nonPLS price offer

# When parameter limits are required to be applied:

	Emergency Conditions	Market Power (TPS Fail)
Before Capacity Performance	Yes	Yes
With Capacity Performance	Yes	Yes

**Monitoring Analytics, LLC**  
**2621 Van Buren Avenue**  
**Suite 160**  
**Eagleville, PA**  
**19403**  
**(610) 271-8050**

**[MA@monitoringanalytics.com](mailto:MA@monitoringanalytics.com)**  
**[www.MonitoringAnalytics.com](http://www.MonitoringAnalytics.com)**

