

April 30, 2014

**1. MA to revisit presentation / education slices on the evolution of the deviation buckets**

This item was addressed during the 5/1 EMUSTF meeting. The original slides can be found at <http://www.pjm.com/~media/committees-groups/task-forces/emustf/20131018/20131031-item-02a-ma-educational-session-part-b-updated.ashx>. The slides were reposted on the 5/1 EMUSTF page:

<http://www.pjm.com/~media/committees-groups/task-forces/emustf/20140501/20140501-or-allocation-education.ashx>

**2. PJM to investigate impact of imports/exports on uplift during peak load times**

Electricity flowing into or out of PJM from neighboring areas, known as interchange, can lead to uplift when it differs significantly from the expectation PJM operators use to schedule and dispatch resources to maintain reliability. An interchange transaction can either be an import, meaning power is purchased from a neighboring area and sold into PJM, or an export, where power is purchased from PJM and sold in an external area. These transactions, which are typically price-takers, can be submitted with as little as 20 minutes notice and are only curtailed or limited due to reliability concerns from either the sourcing or sinking area. In contrast, deploying emergency demand response under today's rules, for example, requires up-to two hours notice. This timing difference creates a situation where system operators must forecast an expected amount of interchange and then operate the system based on that expectation. When that expectation significantly differs from actual system conditions, it can create uplift.

Additionally, in order to maintain system control when excess power imports into PJM, conventional generating units are ramped down in order to balance supply and demand which results in the lowering of LMPs across the system. Despite the low LMPs on the system, PJM could still be running high priced supply resources including gas generation and emergency demand response in order to meet the minimum run time requirements on such resources. Low LMPs during a period where expensive supply resources are being run at PJM's direction requires make whole payments and thus creates uplift. In an attempt to gain more certainty with regard to interchange forecasting, PJM is currently discussing the need for more timely information regarding interchange expectations in the Energy/Reserve Pricing & Interchange Volatility special sessions of the MIC and in the PJM/MISO Interchange Optimization special sessions of the JCM.

**3. How often has there been displaced resources due to conservative ops): (Resources that cleared in DA but didn't show in RT)**

This is a work in-progress.

**4. What are the general reasons for the top 10 DAOR credits (Joel's slide #5)**

This is a work in-progress.

**5. Do a Pareto diagram of Joel's slide #5 (showing reasons for uplift, instead of units)**

This is a work in-progress.

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**6. Hunt down 10% adder, to better understand the source**

The 10% adder was negotiated value dating back to the power pool days. The basis for this adder was to cover the uncertainty in costs, particularly the variable heat rate curve for CTs which can vary significantly based on ambient temperature.

**7. Redo a chart with top 10 reasons for make-whole credits on Joel's slide 15.**

This is a work in-progress.

**8. What is the correlation between the top 10 units that get balancing and deviations?**

This is a work in-progress.

**9. Update charts in the MA presentation to include most current data available**

This is a work in-progress.

**10. Revisit design component #2 to see if there is overlap with other design components, or if we should just adjust it.**

The design component was split into two components: "2a. What period of time the rate applies to" and "2b. How is rate calculated".

**11. Do a backcast of a possible transaction rate (design component 4, option A) to see what it would look like**

This is a work in-progress.

**12. Update and reconfigure phase 2 matrix and send out**

This is a work in-progress.

**13. PJM to group the phase 2 design components (similar to phase 1)**

This was completed during the 5/6 internal meeting.