



Operating Reserve Demand Curves (ORDC) for Reserve Price Formation Project Delivery Year 2021/22

March 30, 2021

- In Docket Nos. EL 19-58-000 and ER19-1486-000, the Commission accepted proposed revisions to the PJM Tariff and Operating Agreement to effectuate enhanced reserve price formation in PJM markets.
- Under the revised language in Tariff, Attachment K-Appendix, Section 3.2.3A.02 (C), and Operating Agreement, Schedule 1, Section 3.2.3A.02(C), PJM is required to post revised Operating Reserve Demand Curves (“ORDCs”) by April 1 for the delivery year starting in June.
- While this Tariff and Operating Agreement language will not become effective until May 1, 2022, PJM has posted the ORDCs for Synchronized Reserve, Primary Reserve, and the 30-minute Reserve Requirements for the RTO and Mid-Atlantic & Dominion Reserve Subzone, for Delivery Year 2021/2022 given it starts this coming June.

- PJM indicated the following with respect to the development of the ORDC curves:
 - The uncertainties defining the ORDC are quantified from three full calendar years of data.
 - PJM will annually update the determination of these quantifications to account for the most recent calendar year's data.
 - PJM will post the revised ORDCs each year by April 1 for the delivery year starting in June.

- PJM has developed and posted the set of ORDCs to be used for the 2021/2022 Delivery year (June 01, 2021 through May 31st, 2022)
 - Posted ORDCs will be effective on May 01, 2022 through May, 31st 2022 (first month the reserve price formation project go- live)
- ORDCs developed for Synchronized Reserve (SR), Primary Reserve (PR) and 30 Minute Reserves.
- ORDCs developed using calendar years 2018, 2019, and 2020 data.
- ORDCs developed for the PJM RTO and MAD subzone
 - No new reserve sub-zones created.

- For illustrative purposes a Minimum Reserve Requirement (MRR) of 1400MW was used for the curves.
- For illustrative purposes a MRR of 2100MW ($1.5 \times 1400\text{MW}$) was used for the PR curves.
- The SR MRR in DA will be based on a resource with the largest bid in Eco Max for a given hour.
- The SR MRR in RT will be based on the Max of a resource's SE MW or bid in Eco Max, whichever is higher.
- The PR MRR in both DA and RT is equal to 1.5 times the SR MRR.