

Tier 1 Compensation

Lisa Morelli
Manager, Real-Time Market Operations
Market Implementation Committee
August 12, 2015

| | Status Quo | PJM Proposal |
|--|--|---|
| Price credited to Tier 1 resources outside of an event | SRMCP when NSRMCP > \$0 | Status quo |
| Tier 1 MW calculation | Amount of 10 min ramping capability from economic basepoint to Eco Max or Spin Max, limited by ramp rate and adjusted by DGP | Status quo, but discontinue estimation of Tier 1 MW on resources self-scheduled and dispatched at min |
| Obligation to respond during an event | No | Yes – obligated to respond in the amount of the Tier 1 Estimate Resources may opt out of accepting an obligation, but then forgo payment outside of an event when NSRMCP > \$0 |
| Refund owed for non-performance | No | Yes (same as existing Tier 2 refund for non-performance) |
| Frequency of Spin Max Update | Can only be updated up to 60 min prior to the start of the operating hour | Can be updated intra-hour to allow more accurate Tier 1 estimation |