

Questions for Discussion

MIC Special Session – Reserve Price
Formation Order
June 10, 2020

1. As part of its 45-day (July 6, 2020) compliance filing, PJM is required to:
 - a. Propose an effective date as early as practicable that will allow it sufficient time to implement both sets of revisions (reserve market and E&AS Offset), including any necessary software changes.
 - b. Present an implementation schedule for the revisions that appropriately harmonizes with ongoing revisions in the MOPR compliance proceeding, while minimizing any auction delays.
 - c. The Commission will set the effective date for the revisions in its order on PJM's July 6, 2020 compliance filing. (P 22)

- One interpretation of the order allows PJM the discretion to implement the reserve market changes prior to the E&AS Offset changes, or at the same time, but not after.
- Another interpretation of the order suggests that both the reserve market changes and the E&AS Offset changes must be implemented with the same effective date.

- How do you interpret the order's directives around implementation timing?
- To the extent you agree the order allows for the reserve price formation and forward-looking E&AS offset changes to be implemented at different times, what is your preference on how the implementations should be phased?
 - Implement both with the same effective date?
 - Implement reserve pricing changes ASAP and forward-looking E&AS offset coincident with 2022/2023 DY?
 - Other?

Which of these objectives do you prioritize most highly?

- Accuracy (reasonable expectation of actual revenues)
- Volatility (variation between years)
- Resource flexibility (useful for many resources)
- Transparency (can be determined independently)
- Sensitivity (to model or dispatch criteria)
- Timely (meet filing timeline)
- Other