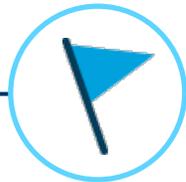




# Order on PJM Fast-Start Compliance Filing (ER19-2722)

Thomas DeVita  
Market Implementation Committee  
January 12, 2021

Action Required	Deadline	Who May Be Affected
<p>Provide feedback on FERC compliance directives, if any, to PJM.</p> 	<p><b>2/1/2021</b></p> 	<p>Entities engaged with/impacted by Fast-Start market reforms.</p> 

**December 21, 2017**

**FERC initiates an FPA 206 investigation into PJM's fast-start pricing practices. (EL18-34)**

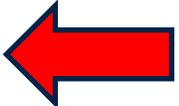
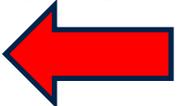
**April 18, 2019**

**FERC finds that PJM's fast-start pricing practices are unjust and unreasonable, and directs PJM to revise its Tariff to implement certain changes that would result in just and reasonable rates. (EL18-34)**

**August 30, 2019**

**PJM makes its compliance filing to address the directives of the April 18, 2019 Order. (ER19-2722)**

- A. Implement software changes so that fast-start resources are considered dispatchable from zero to their economic maximum operating limits for the purpose of setting prices; ✓
- B. Apply fast-start pricing to all fast-start resources instead of only block-loaded resources; ✓
- C. Alter its real-time energy market clearing process to consider fast-start resources in a way that is consistent with minimizing production costs; ✓
- D. Include fast-start resources' commitment costs in energy offers by implementing PJM's proposed integer relaxation approach; ✓

- E. Restrict eligibility for fast-start pricing to fast-start resources that have a start-up time (including notification time) of one hour or less and a minimum run time of one hour or less; ✓
- F. Include its fast-start pricing practices in its Tariff;  **Further Compliance**
- G. Include commitment costs in energy prices for fast-start resources in both the day-ahead and real-time markets, and include in its compliance filing a proposal to withhold uplift payments in excess of a fast-start resource's commitment costs; ✓
- H. Implement its proposal to use lost opportunity cost payments to offset the incentive for over-generation or price chasing.  **Further Compliance**



*“Include PJM’s fast-start pricing practices in its Tariff.”*

- The Commission found that PJM had provided insufficient detail regarding the process for determining eligibility for fast-start resources in its Tariff, and therefore had not fully complied with this directive. (26)
- The Commission found that PJM’s proposed Tariff language, which allowed PJM to deem a resource capable of meeting eligibility criteria based on its operating characteristics, gave PJM too much discretion, and that this process should be more clearly defined in the Tariff. (26)
- The Commission accordingly directed PJM to submit a compliance filing, within 60 days, containing Tariff revisions that define the process PJM will use to determine whether resources are eligible to be fast-start resources. (26)



*“Implement PJM’s proposal to use LOC payments to offset the incentive for over-generation or price chasing.”*

- The Commission found that PJM had submitted Tariff language that complied with this directive. (49)
- However, the Commission also found that PJM had submitted additional, unnecessary Tariff provisions that would provide additional uplift payments, including: make-whole payments for following dispatch instructions; uplift payments for virtual transactions, price sensitive demand, and dispatchable exports; and lost opportunity cost payments to day-ahead scheduling reserve resources. (50)
- The Commission accordingly directed PJM to submit a compliance filing within 60 days removing the applicable unnecessary Tariff provisions. (50)

- The Commission also found that PJM had failed to comply with a separate requirement in the April 18, 2019 order to apply the offer cap requirements of Order No. 831 “to fast-start resources’ composite energy offers, which include the resources’ commitment costs [i.e., start-up and no-load costs].” (69)
  - The Commission found that PJM’s proposed Tariff revisions would exclude start-up and no load costs from Composite Energy Offers in certain circumstances, and could, by extension, potentially violate the offer cap requirements of Order No. 831. (69)
  - Accordingly, the Commission directed PJM to submit a compliance filing, within 60 days, providing Tariff revisions that: (1) cap Composite Energy Offers at the higher of \$1,000/MWh or a resource’s verified Composite Energy Offer; and (2) cap Composite Energy Offers at \$2,000/MWh for purposes of setting LMP; and (3) remove associated revisions related to market-based offers above \$1000/MWh that are unnecessary (70-71)

- The Commission also directed PJM to submit a compliance filing, within 60 days, removing proposed Tariff language stating that PJM's mitigation process (i.e. the three-pivotal supplier test) does not apply to the pricing run. (87)

- On July 31, 2020, PJM submitted an FPA 205 filing (ER20-2573) designed to effectuate the “short-term” pricing/dispatch reforms that were intended to directly address the “pricing/dispatch misalignment” issue identified by the Commission in January 2020.
  - These “short-term” reforms represented the first of three distinct sets of reforms—“short-term,” “intermediate-term,” and “long-term”—designed to enhance the means by which PJM dispatches and prices resources in its footprint.
- The Commission found that PJM had adequately addressed the Commission’s “pricing/dispatch misalignment” concerns expressed in January 2020, and directed PJM to submit a one-time informational report within five months with an update on its progress on its long-term, and any related outstanding, pricing and dispatch reforms. (20)

- PJM will submit its compliance filing on or before **February 15, 2021**.
- The Commission directed PJM to include a specific proposed effective date for its fast-start Tariff changes in its further compliance filing (due in 60 days) that reflects “PJM’s estimate of when development, testing, and implementation of the software system changes will be complete.” (16)

Thomas DeVita;  
[Thomas.Devita@pjm.com](mailto:Thomas.Devita@pjm.com)

Phil D'Antonio;  
[Philip.D'Antonio@pjm.com](mailto:Philip.D'Antonio@pjm.com)

**Please send feedback on compliance directive, if any, to the above contacts.**



**Member Hotline**

(610) 666 – 8980

(866) 400 – 8980

[custsvc@pjm.com](mailto:custsvc@pjm.com)