

Order to Show Cause on Real Time Values and Parameter Limited Schedules (PLS) Update

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FERC is concerned that the PJM Tariff appears to be unjust and unreasonable because it fails to contain provisions governing what happens if a seller is unable to meet its unit-specific parameters in real time.

- “While PJM needs accurate, timely information on resources’ operating capabilities, without a clear process for assessing changes to parameter-limited schedules in real time, PJM’s Tariff may not adequately mitigate the potential for sellers to submit Real Time Values to exercise market power.”
- In addition, the existing practice “does not contain sufficient protections against sellers using Real Time Values to avoid market power mitigation by inappropriately increasing their Notification Time on parameter limited schedules.”

- Sunset the use of Real Time Values and modify Market Rules to allow Temporary Exceptions to be submitted after the close of the DA Market.
 - This will require modifications to Markets Gateway as well as language in the Tariff/Manual 11.
- Modify language in Tariff/Manual 11 to note Temporary Exceptions can only be submitted for physical unit limitations or those outside of management control.

FERC is concerned that the Tariff provisions dictating how PJM determines which offer is least cost may not be just and reasonable

- “Because the Tariff requires PJM to commit and dispatch resources based on a lowest cost offer (rather than, for example, selecting the resource offer with the lowest total cost among the parameter-limited offers), sellers may be able to structure their market-based parameter-limited offer strategically to ensure that PJM chooses the market-based offer, which is not subject to parameter limits.”



Parameter Limited Schedules –Planned Approach to Answering Show Cause Order

- Explain current tariff is just and reasonable in choosing the cheapest schedule.
- If FERC disagrees, provide an alternative, interim approach.
 - Interim approach is to consider only parameter limited schedules when Market Seller fails TPS test (Cost Schedule) and/or under emergency conditions (Price PLS schedule).
 - Allow PJM to discuss and explore more comprehensive and durable solution in stakeholder process.

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Values and PLS Update



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