



Effective Date	December 2018 for 2022/23 BRA
Impacted Manual #(s)/Manual Title(s):	
Manual 18: PJM Capacity Market	
Conforming Order(s):	
None	
Associated Issue Tracking Title:	MIC: Balancing Ratio Issue
Committee Approval Path - What committee(s) have already seen these changes?	
MIC 6/6/2018 MIC 7/11/2018	
MRC 1st read date:	7/26/2018
MRC voting date:	8/23/2018
Impacted Manual sections:	
Attachment A Glossary Section 5.4.1 Resource-Specific Sell Offer Requirements Section 8.4A Non-Performance Assessment Section 9.1.11 Non-Performance Charge/Bonus Performance Credit Section 11.8.9 FRR Physical Non-Performance Assessment	
Reason for change:	
To address the Problem Statement and Issue Charge approved at the MRC to develop a more comprehensive methodology of calculating the Balancing Ratio used in the CP default Market Seller Offer Cap and review the CP Non-Performance Charge Rate.	
Summary of the changes:	

Effective with the 2022/2023 Delivery Year, change the estimated number of Performance Assessment Intervals (PAIs) expected to be in effect for a Delivery Year from 30 hours (360 intervals) to a calculated value using the historical average number of PAIs experienced in the prior three Delivery Years, not to be less than 15 hours (180 intervals) for purposes of the CP Non-Performance Charge Rate and 5 hours (60 intervals) for the CP default Market Seller Offer Cap.

Adjust the CP Non-Performance Charge Rate to $\text{Net CONE} \times 365 / \text{estimated number of PAIs}$

Effective with the 2022/2023 Delivery Year, adjust the CP default Market Seller Offer Cap to the CP Non-Performance Charge Rate * the estimated number of PAIs * the estimated Balancing Ratio.

Change the methodology of calculating the estimated Balancing Ratio used in the CP default Market Seller Offer Cap to take the average of the balancing ratios during the three Delivery Years that immediately precede the BRA using both:

1. Actual Balancing Ratios calculated during RTO Performance Assessment Intervals of the Delivery Year, and
2. For any Delivery Year with less RTO Performance Assessment Intervals than the three-year historical average (floored at 60 intervals or 5 hours), estimated Balancing Ratios calculated during intervals of the highest RTO peak loads that do not overlap a Performance Assessment Interval