



**Regulation Market Issues Senior Task Force Report**  
**PJM Interconnection**  
**Members Committee Webinar**  
**March 20, 2017**

The Regulation Market Issues Senior Task Force (RMISTF) held its 18<sup>th</sup> meeting on February 27, 2016. The Charter was approved without objections or abstentions by the MRC on October 22, 2015.

PJM Staff and the Independent Market Monitor provided extensive educational material and presentations at the each of the RMISTF meetings. Interest Identification is complete, and Design Components have been identified. At the March 24<sup>th</sup> and April 13<sup>th</sup> meetings the option development was continued, and was completed at the RMISTF's June 1, 2016 meeting.

Additional education regarding the Marginal Rate of Technical Substitution theory was provided and initial presentations of proposed packages were provided at the group's June 22, 2016 meeting.

Additional presentations on the regulation signal definition and Marginal Rate of Technical Substitution as well as continued discussion of proposal packages were conducted at the meeting on July 19, 2016.

At the August 30, 2016 meeting, Mr. Endress provided an update on the PJM Regulation Study, and presented education about the concept of neutrality. Ms. Croop discussed the Performance Score as it relates to proposed items in the RMISTF matrix. Stakeholders reviewed proposed packages in the matrix.

At the September 27, 2016 meeting Mr. Endress discussed the control metric, Ms. Croop provided information on resource performance and performance scoring, members discussed regulation price formation, and members discussed proposed package solutions.

At the October 25, 2016 meeting stakeholders discussed potential transition plans for implementation of any endorsed proposals, and continued vetting of proposal packages.

At the November 16, 2016 meeting Mr. Benner and Mr. Endress will discuss segmented MRTS curves and isoquants with rates of technical substitution, Dr. Haas will discuss the use of the MRTS in settlements and the marginal price to clear, PJM and the IMM discussed the plans for implementation of the updated regulation signal and regulation requirement levels, and stakeholders vetted proposal packages.

At the December 8, 2016 meeting stakeholders discussed proposed transition plans and continued to vet proposal packages.

The updated regulation signal and requirement levels were implemented on January 9, 2017.



At the January 24, 2017 meeting, Mr. Shparber discussed the FERC Notice of Proposed Rulemaking regarding energy storage resource participation in RTO markets. Mr. Fereshetian presented a regulation clearing example spreadsheet that simulates the Marginal Rate of Technical Substitution (MRTS) framework. PJM, the IMM and stakeholders reviewed matrix packages including transition plans. Following the meeting final updates were made to proposal packages and a vote on the proposal packages was conducted February 15-21, 2017.

The results of the vote were reviewed at the February 27<sup>th</sup> meeting with Package E being the only proposal receiving greater than simple majority support with 75% in favor. In a non-binding poll question, stakeholders indicated 87% support for making a change over retaining the status quo. Package E will be presented to the MRC for a first read at its February 23<sup>rd</sup> meeting and for a vote at the April 27<sup>th</sup> MRC meeting.

Next meeting: None Scheduled

Author: Dave Anders