



Clarification to Performance Assessment Interval Agreement Language

Problem / Opportunity Statement

The OATT and RAA language related to the measurement and settlement of Performance Assessment Intervals was drafted as part of the Capacity Performance initiative discussed at the Enhanced Liaison Committee meetings in 2014. The first Performance Assessment Interval that resulted in settlement did not occur until October 2, 2019. During the settlement calculation of the individual Performance Assessment Intervals, PJM staff noted a lack of clarity and detail in the governing documents to provide sufficient transparency into the process.

A few of the areas that would benefit from added clarity and detail include, but are not limited to, the following:

The existing agreement language adds a resource's real-time reserve and regulation assignments to Actual Performance, but fails to provide enough detail to account for required decreases in output to provide such service (for example, units need to back down from economic basepoint to provide Tier 2 Synchronized Reserves or enter Regulation range).

The OATT appropriately memorializes FERC's directive prohibiting the excusal of resources from non-performance penalties for MW that were not scheduled by or scheduled down by PJM due to operating parameter limitations submitted in the resource's energy market offers or due to having a market-based offer greater than the cost-based offer, however does not provide adequate transparency into the scheduled MW calculation. Transparency into the determination of scheduled MW will additionally provide needed clarification on how negative generation bus LMPs experienced during a PAI, such as those that occurred during the October 2, 2019 event, impact the non-performance assessment.

To promote transparency to the calculations PJM used to settle the October 2, 2019 PAI as well as the process PJM will continue to follow should another PAI occur, a market notice was posted on the Capacity Market (RPM) webpage. The market notice details the approach PJM used to settle charges and credits however supporting language in the Tariff and Manuals is still needed.