Manual 28 (OA Accounting): Reserve Price Formation Clarifications

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M-28, Rev. 90

- Effective October 1, 2022 several aspects of the PJM Reserve markets changed due to FERC Order ER19-1486
  - This revision contains conforming corrections and clarifications not reflected in the Manual 28 Reserve Price Formation revisions endorsed by the MRC on September 21, 2022.

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Section 5: Operating Reserve

- Section 5.2
  - Corrected how Market Revenue Neutrality Offset is applied to the Balancing Operating Reserve Credit calculations (plus changed to minus)

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Section 6: Synchronized Reserve
Section 19: Secondary Reserve

- Section 6.2 and Section 19.2 (Credits)
  - 6.2.2 and 19.2.2: Corrected Capped Real-time Reserve Assignment equation to reflect a result that is positive or zero.
  - 6.2.3 and 19.2.3:
    - Day-ahead Opportunity Cost - Clarified expected energy output or load reduction level is from the dispatch run
    - Real-time Opportunity Cost - Clarified expected energy output or load reduction level is from the pricing run
    - Clarified DA and RT Opportunity Cost calculations for Economic Load Response Participants
  - 19.2.3:
    - Clarified Secondary Reserve DA Opportunity Cost calculation for condensers
    - Clarified Secondary Reserves DA and RT Opportunity Cost is $0 for off-line resources

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Section 15: Market Revenue Neutrality Offset Accounting

- Section 15.2
  - Clarified how Balancing Clearing Price Credits are calculated when determining the LOC Credit Due to Reduction for each reserve market.
    - The amount reflects the clearing price credits due to a reduction in a real-time assignment as compared to a day-ahead assignment.

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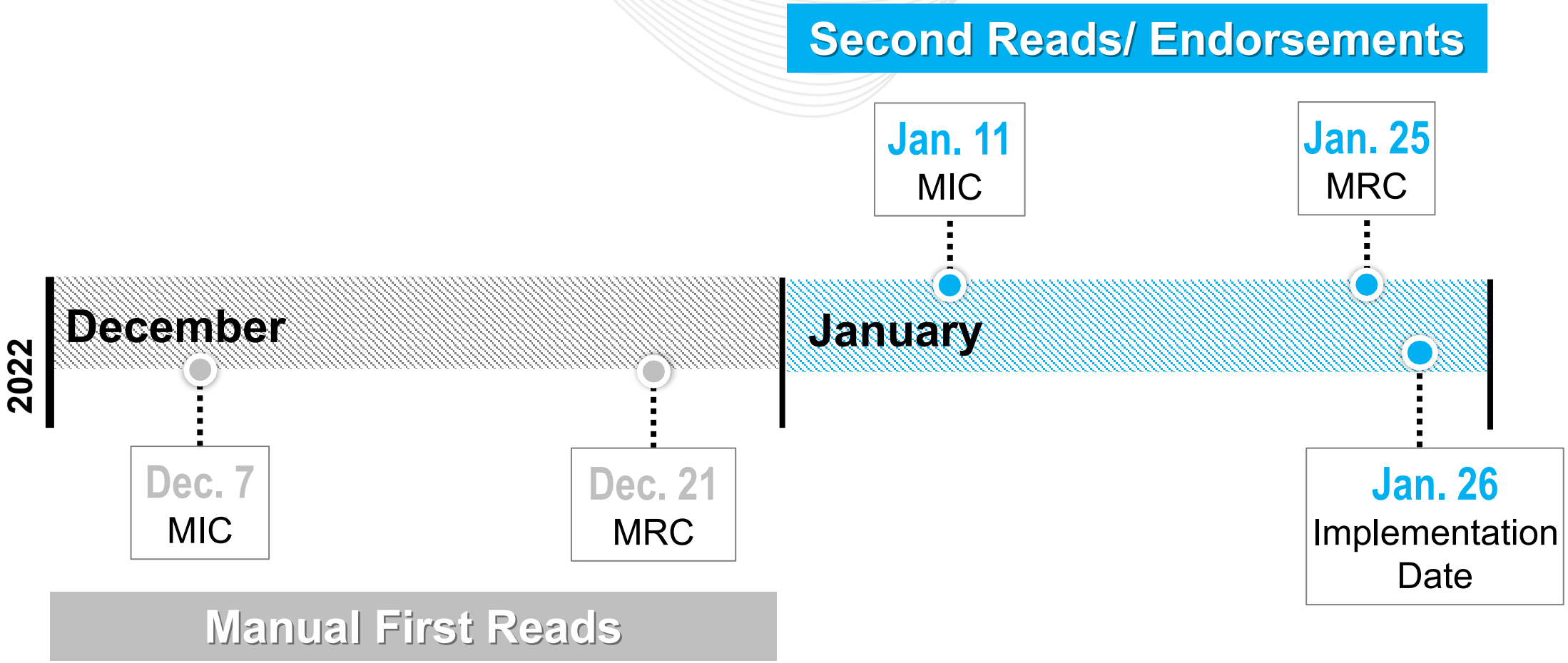
Review/Approval Timeline



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Reserve Price Formation – Manual Changes

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