

Balancing Operating Reserve Regional Rate Errata

MRC

May 30, 2013

- September 2008 – February 2010: PJM proposed revisions to Schedule 1 of Operating Agreement and parallel provisions of Attachment K-Appendix of Tariff concerning Operating Reserve construct
- November 2008 – April 2010: Commission orders accepting filings

- Recently, PJM became aware of specific language errors in the provisions of Section 3.2.3(h) of Operating Agreement and parallel provisions of Attachment K-Appendix of Tariff included in the September 2008 filing
- PJM submitting an errata filing to clarify the relevant language in Section 3.2.3(h)
- Relevant language concerns how resource, withdrawal and injection deviations occurring within one Zone are associated with PJM's Eastern or Western region for purposes of Operating Reserve charges

Relevant paragraph of Section 3.2.3(h) states:

Deviations that occur within a single Zone shall be associated with the Eastern or Western Region, as defined in Section 3.2.3(q) of this Schedule, and shall be subject to the regional balancing Operating Reserve rate determined in accordance with Section 3.2.3(q). Deviations at **interfaces and** hubs shall be associated with the Eastern or Western Region if all the busses that define **all interfaces or all** hubs are located in the region. If deviations at interfaces and hubs are associated with the Eastern or Western Region, they shall be subject to the regional balancing Operating Reserve rate. Demand and supply deviations shall be based on total activity in a Zone, including all aggregates and hubs defined by busses that are wholly contained within the same Zone.

- Intent of Section 3.2.3(h) was to apply a regional balancing Operating Reserve rate to deviations at interfaces and hubs
- Language addressing application of regional rate to hubs is correct, but should be clarified
- Language addressing application of regional rate to interfaces is incorrect, and has been incorrect, since original incorporation into Section 3.2.3(h)
 - Interfaces by definition are outside of the PJM Region
 - Deviations at interfaces can't be associated with the Eastern or Western Region since none of the buses that define the interface are located in either region

Proposed revisions to correct language to meet original intent:

Deviations that occur within a single Zone shall be associated with the Eastern or Western Region, as defined in Section 3.2.3(q) of this Schedule, and shall be subject to the regional balancing Operating Reserve rate determined in accordance with Section 3.2.3(q). Deviations at ~~interfaces and a~~ hubs shall be associated with the Eastern or Western Region if all the buses that define ~~all interfaces or all the~~ hubs are located in the region. Deviations at an interface shall be associated with the Eastern or Western Region if all the buses that define the interface are associated with interface points at the nearest adjacent Zone. If deviations at interfaces and hubs are associated with the Eastern or Western Region, they shall be subject to the regional balancing Operating Reserve rate. Demand and supply deviations shall be based on total activity in a Zone, including all aggregates and hubs defined by buses that are wholly contained within the same Zone.