

Tier 2 Synchronized Reserves Performance

Sep. 26, 2013

Summary

- This evaluation was undertaken:
 - to improve performance which currently stands at 75%
 - to address recommendations in the State of the Market report
- Work on this issue has taken place through the Operating Committee at the regular monthly meetings, as well as special meetings, over the past 8 months
- Results:
 - Recognition of need to ensure performance consistent with reliability assignments
 - Additional education was required, and provided, surrounding the must-offer requirement
 - Stakeholders would like more communication regarding specific performance.
 - PJM committed to, and did provide, historical performance data for the past 2 years.
 - Also committed to timely performance reports following SR events – data from the Sep. 10 event has been provided

Update

- At the Sep. 10 Operating Committee meeting there was agreement that:
 - PJM would send out historical data for the past 2 years for each specific resource
 - Voting would take place 5 days after receipt of this historical data
- PJM delivered this data on Friday, Sep. 13
- A special call was held on Monday, Sep. 23 for the vote
- Solution Package B was endorsed by the Operating Committee (included an amendment regarding poor performance in events in close proximity)

Proposed Solution Package A

- Remove the “contiguous” hours statement from the same day penalty
- Increase the duration of the following days penalty from 3 to: the average number of days between events as determined by the Annual Review of the last 2 years.
- Eliminate the conversion of shortfall MW to MWh from the penalty calculation

Proposed Solution Package B

- Remove the “contiguous” hours statement from the same day penalty
- Retroactive obligation to refund the shortfall for all of the hours the resource was assigned over the immediate past interval
- Interval duration is the average number of days between events as determined by the Annual Review of the last 2 years.
- Eliminate the conversion of shortfall MW to MWh from the penalty calculation

Proposed Solution Package C

- Remove the “contiguous” hours statement from the same day penalty
- Retroactive obligation to refund the shortfall for all of the hours the resource was assigned over the immediate past interval plus a 25% adder
- Interval duration is the average number of days between events as determined by the Annual Review of the last 2 years.
- Eliminate the conversion of shortfall MW to MWh from the penalty calculation