



Energy and Reserve Pricing Solution Package

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Energy & Reserve Pricing Proposal

- Energy and Reserve Pricing Issue Charge
 - Determine whether enhancements can be made to better capture conservative operator actions in market clearing prices
- PJM package endorsed at May MIC meeting
- June 1, 2014 implementation date
 - Stakeholder discussions to develop additional solutions will continue

- Proposal focuses on:
 - Increasing day-ahead and real-time reserve requirements under specified conditions by a fixed reserve adder when additional resources are scheduled to cover operational uncertainty
 - Reserve requirements are increased in market clearing engines
 - Real-time Reserve adder = default MAD Synch Reserve requirement (1300 MW)
 - Day-ahead Reserve adder = 3% of forecasted load
 - Emergency procedures will still be initiated based on reserve requirements in M13
 - Formalizing the incorporation of long lead time gen into the DA market

Triggers for increasing reserve requirements (Entry Criteria)

Hot or Cold Weather Alert or Max Emergency Generation Alert issued for RTO, Mid-Atlantic Dominion or Mid-Atlantic regions

and

PJM operators see the need for significant additional reserves and do not believe the increased requirement will create operational control problems

Exit Criteria

DA: Anticipated cancellation of Hot or Cold Weather Alert or Max Emergency Gen alert prior to the operating day

RT: Cancellation of Hot or Cold Weather Alert or Max Emergency Gen alert, or if the increased reserve requirement is creating operational control issues

- In the case of operational control issues, the reserve adder would be reduced to 50% of the MAD SR requirement. If conditions persist, the requirement may be reduced further.

- **Section 2.3.3 – Market Sellers**
 - added requirement for units with notification and startup exceeding 24 hours to modify notification and startup time to allow unit to be committed in the Day-ahead Market if the unit was called on by PJM dispatch in advance of the close of the Day-ahead Market bidding period
- **Section 4.2.2 - Synchronized Reserve Requirement Determination**
- **Section 11.2.1 – Day-ahead Scheduling Reserve Market Reserve Requirement**