



UTC Uplift Allocation Compliance Filing (EL14-37)

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Market Settlements Subcommittee
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- FPA 206 action on an investigation that began in August, 2014 regarding:
 - How uplift is, or should be, allocated to all virtual transactions in PJM;
 - PJM's different treatment of UTCs as compared to INCs and DEC's for purposes of allocating uplift.
- PJM's current uplift allocation rules are unjust, unreasonable, and unduly preferential because they do not allocate uplift to UTCs.
- PJM is directed to submit a replacement rate that revises PJM's current uplift allocation rules to allocate uplift to UTCs in a manner that treats a UTC, for uplift allocation purposes, as if the UTC were equivalent to a DEC at the sink point of the UTC.
 - As a result, UTCs will be allocated both real-time uplift and day-ahead uplift.

- Compliance filing due August 31, 2020.
- The order states that “[t]he Commission will establish an effective date for these provisions after reviewing the compliance filing.”
 - PJM will recommend that the Commission establish an effective date of November 1, 2020.

- Day-ahead Operating Reserve Charges
 - Cleared Up-To Congestion bids will be allocated Day-ahead Operating Reserve charges at the sink end of the transaction.
 - The daily total cost of Day-ahead Operating Reserve will be allocated and charged to market participants in proportion to their cleared day-ahead demand, decrement bids, and *up-to congestion bids* plus their cleared day-ahead exports.

- **Balancing Operating Reserve Deviation Charges**
 - PJM will treat the sink side of the cleared UTC in a similar manner to cleared decrement bids for withdrawal deviations.
 - The sink side of the UTC will be included in the Day-ahead withdrawal bucket and included to net against real-time withdrawals at the same location.

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Please send feedback on compliance directive, if any, to the above contacts.



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