

In March 2019, PJM made a comprehensive filing to reform its market-based reserve products and Operating Reserve Demand Curves (ORDC). This filing was approved by the Federal Energy Regulatory Commission (FERC) in May 2020, but it was recently remanded back to FERC in August 2021 pursuant to a request for voluntary remand by FERC.

As PJM has made clear on numerous occasions, PJM views the proposed changes as necessary for its reserve and energy markets to properly value the reserves that are needed today and will continue to be needed in the future. Our intention has been to implement those changes on May 1, 2022.

These new market rules include the addition of two reserve products to the Day-Ahead Market and one to the Real-Time Market; consolidation of the Tier 1 and Tier 2 Synchronized Reserve products; and implementation of enhanced ORDCs, among other things, and as such require a complicated set of software changes.

However, the software development process has experienced unforeseen challenges that have resulted in the delay of key deliverables. Because the software changes are complex and require significant testing before they are implemented, the scheduled implementation date of May 1, 2022, is no longer possible. Given the risks associated with implementing such significant changes during the summer peak period, PJM will therefore file a request with FERC to delay the implementation date to Oct. 1, 2022.

At the same time, FERC has requested voluntary remand of the same order that had approved the PJM proposal. It is possible that a subsequent FERC order will alter its prior approval of some or all of the pending changes and require a subsequent compliance finding. The specific impact of the remand on this implementation is therefore difficult to predict.

PJM regrets the delay in implementing these improvements to our current reserve market rules. We believe the new rules will properly value the reserves that a system with increasing variable resources requires.

PJM is committed to evolving its markets to meet the needs of a changing resource mix, and this delay will not impact our ongoing efforts with stakeholders to address “circuit-breaker” constructs to protect consumers in times of extreme system stress.

PJM appreciates our stakeholders’ continued engagement as we look to FERC for further guidance.

This has been sent to: MC, MRC, MIC, OC, PC, RMC

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Member Relations: [\(610\) 666 8980](tel:6106668980) | [\(866\) 400 8980](tel:8664008980)

This email was sent to: [custsvc@pjm.com](mailto:custsvc@pjm.com)

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