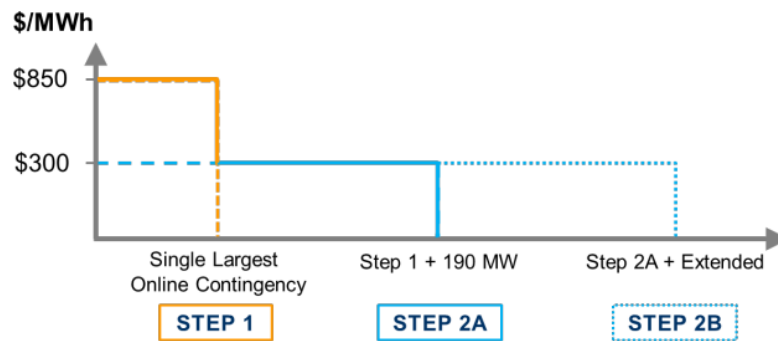


As communicated via Markets Gateway, stakeholder email, and the May 11, 2023, Operating Committee meeting, PJM will temporarily carry an additional Synchronized Reserve Requirement, Primary and 30-minute reserve amount, for the RTO only, in both the Day-Ahead and Real-Time Energy markets for all hours until further notice, effective beginning with the market day of May 19, 2023.

This will be a static adder for the Synchronized Reserve Reliability requirement. PJM currently estimates that this adder will not exceed two times the largest contingency, and the initial value which will be posted on Markets Gateway will be 30%. The Primary Reserve and 30-Minute Reserve requirements will be increased as noted below, in accordance with the increase in the Synchronized Reserve requirement. This will be updated as necessary based on generator performance and system conditions. This is due to the operational reliability need stemming from the non-performance of committed Synchronized Reserve resources during Synchronized Reserve Events since the implementation of Reserve Price Formation (October 1, 2022), and to maintain compliance with NERC standards including the Disturbance Control Standard (DCS) as outlined in BAL-002-3.

There are no changes to product substitution business rules. Multiple products (SR, NSR, SecR) can be utilized to fulfill the three reserve services (SR, PR, 30-min) based on the hierarchy as outlined in Manual 11, Section 4.4.



As shown in the graph above, this change is being implemented via an increase to Step 1 of the ORDC for the RTO only. The total Synchronized Reserve requirement will be posted on active messages in Markets Gateway. A breakdown of the increased requirements is below:

- Synchronized Reserve Reliability Requirement = Single Largest Online Contingency \* 1.3 (Step 1)
- Synchronized Reserve Requirement MW = Synchronized Reserve Reliability Requirement + 190 (posted on active messages in Markets Gateway)
- Primary Reserve Reliability Requirement MW = Synchronized Reserve Reliability Requirement MW \* 1.5 (Step 1)
- Primary Reserve Requirement MW = (Synchronized Reserve Reliability Requirement MW \* 1.5) + 190
- 30-Min Reserve Reliability Requirement MW = [MAX (3000, Largest Gas Pipeline Contingency, PR Reliability Requirement)]
- 30-Min Reserve Requirement MW = [MAX (3000, Largest Gas Pipeline Contingency, PR Reliability Requirement)] + 190

If you have any questions regarding this change, please contact PJM Customer Service at (866) 400-8980 or send an email to [custsvc@pjm.com](mailto:custsvc@pjm.com).