

Fast Regulation Performance



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ESA Position

- PJM's operational problem must be resolved.
- With that constraint, we should seek the solution least disruptive to market participants
- For several months, PJM has handled the operational problem through manual operator interventions
- This is not ideal, but does mean that we are not in a crisis that must be urgently addressed.
- Background issue of why there are sustained deviations should not be avoided. Regulation is not reserves.



Comments on Stakeholder Process

- OC has an issue charge to look into a variety of possible measures or a combination of measures.
- This was not changed by the recent MRC vote.
- It is inappropriate to limit discussion to only a portion of the approved issue charge.
 - Rolling our entire issue charge to the Sr. Task Force may be appropriate, but discussion on only a fraction of the OC issue charge will result in suboptimal solutions.
- We still do not have enough data to evaluate possible solutions:
 - Still no method proposed for measuring impact of duration limits
 - PJM study only presented today, at the same time as manual language proposal
 - Stakeholders have had limited opportunity to review PJM study or suggest alternative approaches.
- Since there is no guarantee if or when the Senior Task Force will reach a conclusion, we are concerned that the short-term fix will become a de facto permanent solution.



Fast Regulation Procurement

- ESA recognizes that the current outcomes in the Regulation market are undesirable and do not reflect the intent of the market design.
- ESA believes that procuring RegA vs RegD at a benefits factor greater than zero should be an economic decision.
- Capping RegD at a point with a benefits factor above zero appears arbitrary and is not a least-cost solution.



ESA Position on New Benefits Factor

- Significant investment has been made on the basis of current Benefits Factor curve.
- Benefits Factor curve should reflect actual RegD capabilities and operational needs.
- PJM and stakeholders should investigate if changes to RegD signal would preserve current benefits factor.
- If conditions such as ramping reduce benefits, new benefits factor curve should only apply during appropriate hours.



ESA Suggestions for PJM's Consideration

- Continue to procure RegA and RegD on a least cost per effective MW basis.
- Investigate if changing RegD signal would address operational concerns.
- Investigate different benefits curves based on time of day and periods of most need.
- Include a commitment to raise a problem statement/issue charge to address prolonged (15 min+) ACE deviations.
- Sunset after 6 months if issue is not resolved by Senior Task Force.

