



# Tariff/Operating Agreement Changes for Parameter Limited Schedules Compliance Issue

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## 6.6 Minimum Generator Operating Parameters – Parameter Limited Schedules.

(a) Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on cost-based offers, which are always parameter limited. Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on market-based offers conforming to parameter limitations (“parameter limited schedules”) under the following circumstances:

- (i) The Market Seller fails the three pivotal supplier test. When this subsection applies, the parameter limited schedule shall be the less limiting, i.e. more flexible, of the defined parameter limited schedules or the submitted offer parameters.

Note: Romanette (ii) is omitted because it addresses the 2014/2015 through 2017/2018 Delivery Years and is no longer applicable.

- (iii) For Capacity Performance Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert, Hot Weather Alert, Cold Weather Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency, Maximum Generation Emergency Alert, Hot Weather Alert or Cold Weather Alert for all, or any part, of an Operating Day.
  
- (iv) For Base Capacity Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency during hot weather operations during the period of June 1 through September 30; (ii) issues a Maximum Generation Emergency Alert or Hot Weather Alert during hot weather operations during the period of June 1 through September 30; or (iii) schedules units based on the anticipation of a Hot Weather Alert, or a Maximum Generation Emergency or Maximum Generation Emergency Alert during hot weather operations during the period of June 1 through September 30, for all, or any part, of an Operating Day.

- As written, Section 6.6 can be read in various ways that conflict with other sections of the Tariff/OA and requires changes.
- The primary issue is that it suggests the ability for PJM to commit resources on their price PLS offer or cost-based offer during times that are in conflict with other sections of the Tariff/OA.

- **Possible interpretation:** Cost-based offers do not apply to any of “following circumstances”. Those circumstances only apply to “market-based offers conforming to parameter limitations”.
- This conflicts with Section 6.4.1 which requires PJM to commit a resource on the lesser of the market-based or cost offer when it does not pass the TPS test.
- The circumstances under which the Market Seller is subject to the cost-based offer are unclear.

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- **Possible interpretation:** Cost-based offers and market-based offers conforming to parameter limitations can both be used in the “following circumstances”.
- This results in several conflicts.

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- **Possible interpretation:** PJM may consider committing a unit on its cost-based offer during an emergency condition regardless of the TPS test.
- Section 6.4.1 states that units may only be offer capped on their cost-based offers for specific reasons defined in that section.

**6.4 Offer Price Caps.**

**6.4.1 Applicability.**

(a) **If, at any time, it is determined by the Office of the Interconnection in accordance with Sections 1.10.8 or 6.1 of this Schedule that any generation resource may be dispatched out of economic merit order to maintain system reliability as a result of limits on transmission capability, the offer prices for energy from such resource shall be capped as specified below.** For such generation resources committed in the Day-ahead Energy Market, if the Office of the

- **Possible interpretation:** PJM may consider committing a unit on its market-based offer conforming to parameter limitations when the Market Seller fails the TPS test and there is no emergency condition.
- PJM does not believe that this is consistent with the intended use of the Price PLS schedule.

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# Inconsistency between Section 6.6(a)(i) and Section 6.4.1(e)

- 6.4.1(e) suspends offer capping when the TPS test is passed.

(e) Offer price caps under section 6.4 of this Schedule shall be suspended for a generation resource with respect to transmission limit(s) for any period in which a generation resource is committed by the Office of the Interconnection for the Operating Day or any period for which the generation resource has been self-scheduled where (1) there are not three or fewer generation suppliers available for redispatch under subsection (a) that are jointly pivotal with respect to such transmission limit(s), and (2) the Market Seller of the generation resource, when combined with the two largest other generation suppliers, is not pivotal (“three pivotal supplier test”). In the event the Office of the Interconnection system is unable to perform the three pivotal supplier test for a Market Seller, generation resources of that Market Seller that are dispatched to control transmission constraints will be dispatched on the resource’s market-based offer or cost-based offer which results in the lowest dispatch cost as determined in accordance with section 6.4.1(g).

- Under a certain interpretation, 6.6(a)(i) suggests the usage of the cost-based offer when the Market Seller “fails” the TPS test
- This should be changed to align with 6.4.1(e) and allow the usage of the cost-based offer when the Market Seller “does not pass” the TPS test

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