



# Energy and Reserve Pricing Proposal

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- Proposed short-term solution focuses on
  - Increasing day-ahead scheduling reserve (DASR), primary reserve (PR) and synchronized reserve (SR) requirements under specified conditions when additional resources are scheduled to cover operational uncertainty
    - Reserve requirements are increased in market clearing engines
    - Emergency procedures will still be initiated based on reserve requirements in M13
  - Incorporating long lead time generation into the DA market

## Scenarios under which reserve requirements are increased (Entry criteria)

Hot or Cold Weather Alert or Max Emergency Generation Alert issued for RTO, Mid-Atlantic Dominion or Mid-Atlantic regions

and

PJM operators see the need for significant additional reserves and do not believe the increased requirement will create operational control problems

## Method for calculating amount of reserve requirement increase

On peak (05:00 - 24:00):

For MAD and RTO increase,

- $\text{MAD SR} = \text{MAD SR requirement} * 2$
- $\text{MAD PR} = \text{MAD PR requirement} + \text{MAD SR requirement}$
- RTO requirements equal to updated MAD requirements

For RTO increase only,

- $\text{RTO SR} = \text{MAD SR requirement} * 2$
- $\text{RTO PR} = \text{MAD PR requirement} + \text{MAD SR requirement}$
- No changes to MAD SR and PR requirements

Off peak (00:00 - 05:00): 75% of on peak requirement

Reqs capped at 3600 MW

DASR requirement increased by 3% of forecasted load (requirement is currently 6.27% of forecasted load)

## Method for communicating reserve requirement change and reason

Existing eMKT notification plus emergency procedures web page notice (which prompts eData alert)

## Exit Criteria

DA: Anticipated cancellation of Hot or Cold Weather Alert or Max Emergency Gen alert prior to the operating day

RT: Cancellation of Hot or Cold Weather Alert or Max Emergency Gen alert, or if the increased reserve requirement is creating operational control issues

- In the case of operational control issues, the reserve adder would be reduced to 50% of the MAD SR requirement. If conditions persist, the requirement may be reduced further.

- **Section 2.3.3 – Market Sellers**
  - added requirement for units with notification plus startup time exceeding 24 hours to modify notification and startup time to allow unit to be committed in the Day-ahead Market if the unit was called on by PJM dispatch in advance of the close of the Day-ahead Market bidding period
- **Section 4.2.2 - Synchronized Reserve Requirement Determination**
- **Section 11.2.1 – Day-ahead Scheduling Reserve Market Reserve Requirement**

- Develop performance metrics used to report results to MIC
- Begin discussing long-term solutions in early June