



## **Issue Charge**

### ***Payments to tier 1 synchronized reserves when the non-synchronized reserve price is greater than zero:***

#### **Stakeholder Group Assignment:**

The issue will be presented at the November 7, 2014, MIC meeting. The MMU recommends that the MIC resolve the issue without assignment to another group.

#### **Key Work Activities:**

1. Education on issues including definitions of components of primary reserves including synchronized and non-synchronized primary reserves.
  - a. Review the tariff rule directing PJM to pay tier 1 synchronized reserve when the price of non-synchronized reserve is greater than zero.
    - i. Develop implementing tariff changes and manual changes.
  - b. Review the extent to which PJM has paid for too much Tier 2 synchronized reserves when the price of non-synchronized reserve is greater than zero under existing rules.
    - i. Recommend any appropriate resolution as required.

#### **Expected Deliverables**

1. Revised tariff language.
2. Revised Manual language.
3. Recommendation related to level of Tier 1 MW paid the Tier 2 price when the price of non-synchronized reserve is greater than zero.

#### **Expected Overall Duration of Work**

The MMU expects that this work effort can be completed within two months.