

4.2.12 Non-Performance

- There is no consequence for a Tier 1 resource that does not respond with the amount of synchronized reserve that was expected of it in response to a synchronized reserve event. Tier 1 resources are simply credited for the amount of response they provide.
- Since Tier 2 resources are credited with a capacity payment any time they are expected to be ready to respond to a synchronized reserve event, failure to provide that response results in an obligation to “repay” that credit following instances of non-performance. The following consequences exist for a Tier 2 resource that does not respond with its assigned amount of synchronized reserve:
 - The resource is credited for Tier 2 synchronized reserve capacity in the amount that actually responded for ~~the contiguous- all~~ hours the resource was assigned/~~self-scheduled~~ Tier 2 synchronized reserve ~~during which- on the day~~ the event occurred, and;
 - ~~The owner of the resource incurs a synchronized reserve obligation in the amount of the shortfall for the three (3), consecutive, same peak days occurring at least three (3) business days following the event. Off peak days are defined as weekends and PJM holidays, and on peak days are all others. Owners of assigned Tier 2 resources will be permitted to demonstrate aggregate response, such that the total response from all assigned resources must be greater than or equal to the total assigned amount of synchronized reserve. This aggregate response will be used when determining the owner's additional obligation.~~
 - ~~The owner of the resource incurs a retroactive obligation to refund at SRMCP the amount of the shortfall measured in MW for all of the hours the resource was committed assigned over the immediate past interval, the duration of which is equal to the lesser of the average number of days between events as determined by the annual review of the last 2 years, or the number of days since the resource failed to respond with its assigned or self-scheduled Synchronized Reserve amount in response to a Synchronized Reserve event.~~
 - ~~The annual review will be completed during the month of November and cover a 2 year window from November 1st (year – 2) through October 31st (current year). The penalty days calculation will be the average interval between Synchronized Reserve events over the last two years of Synchronized Reserve event data, rounded down to a whole day value. The results will be communicated to the Operating Committee in December and implemented annually on January 1st.~~
 - Owners of assigned Tier 2 resources will be permitted to demonstrate aggregate response, such that the total response from all assigned resources must be greater than or equal to the total assigned amount of synchronized reserve. This aggregate response will be used when determining the owner's additional obligation.
 - In cases where a synchronized reserve event lasts less than 10 minutes, Tier 2 resources are credited with the amount of synchronized reserve capacity they are assigned. Tier 1 resources are credited with the amount of response provided over the length of the event, as determined via measurement parallel to that which is described above in the Verification section. That is, the output of each resource at the start of the

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event is defined as the lowest telemetered output between one (1) minute prior to the start of the event and one (1) minute after the start of the event, and the output at the end of the event is defined as the greatest telemetered output between one (1) minute prior to the end of the event and one (1) minute following the end of the event

- Resources that choose to respond to a reserve event for their reserve zone in an hour when they are cleared or assigned regulation are expected to return to their regulating band within 10 minutes of the end of the Synchronized Reserve event. From the start of the event, through the event, and for the 10 minutes after the end of the event, the performance scores for all regulating resources in the reserve zone where the Synchronized Reserve Event takes place will be null.