

Synchronized Reserve Validation of Performance

Problem / Opportunity Statement

Tier 2 Synchronized Reserves ("SR") receive a payment to be available to perform when PJM needs additional reserve to manage the grid. On average, PJM initiates a SR event, thereby calling on resources to fulfill their commitment and perform as required, 3 times per month. The penalty for non-performance of a Tier 2 resource is to take away revenue for the hour when the resource did not perform and also require the resource to provide Tier 2 reserves for 3 like days with no compensation. Further, Tier 2 resources do not go through a certification process to ensure the resource can respond within 10 minutes before they are permitted to participate in the market. With the approval of increased participation by Demand Response (DR) in the SR Market to 33%, coupled with some historical instances of performance issues from both generation and DR, PJM would like to explore different opportunities to ensure the resources that participate in the market have the capability to provide this reliability service initially and continuously.

Issue Source

PJM recommends this evaluation and review as a follow-up to the Operating Committee discussion regarding expanding Demand Response participation in the Synchronized Reserve market from 25% to 33%, as well as looking at Tier 2 resources more broadly.

Stakeholder Group Assignment

Operating Committee (OC)

Key Work Activities

1. Evaluate the current entry to the SR Market qualification process
- 1-2. Consider whether there is a need for additional ongoing processes to validate the performance capability of resources, and if so, develop those process improvements
- ~~2. Review disqualification criteria for non-performance or substandard performance~~
- ~~3. Develop a requalification process (what to do with resources that repeatedly fail to perform)~~

Expected Deliverables

1. Potential modifications to Manual 12-Tariff and/or Manuals

Expected Overall Duration of Work

Work should be completed by October 1, 2013

Decision-Making Method

Tier 1, consensus (unanimity) on a single proposal (preferred default option), or Tier 2, multiple alternatives.



Problem Statement/Charge