



# PJM Uplift Proposals

- Phase 1
  - Package A
    - Keep DA OR
    - Make LOC changes
  - Package B
    - Remove DA OR and make whole based on actual operating costs
    - Make same LOC changes
  - PJM is dropping package B
    - Very similar to IMM proposal. PJM can support the IMM's proposal should the members want to move forward with it.

- Phase 2
  - Package G will be dropped
    - Package G goes with Package B which PJM is also dropping
    - PJM can support the IMM allocation that removes DA OR should members support the removal of it in Phase 1.
      - May need to work on 2x allocation to UTCs
  - Package H (tweaks to current allocation) will remain
    - Include UTC as a DA vs. RT deviation (1x)
    - Allocate hourly LOC and make whole charges to loads
      - Not including CT LOC
    - Eliminate IBT netting

- The fee for uplift should be variable (76%)
- Retain the concept of DA vs. RT deviations (75%)
- Keep the deviations and reliability buckets (72%)
- Allow some type of supply and demand netting (96%)



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- Allow wheel transactions to net (63%)
  - Treat UTCs as one transactions using the same rate (61% - 62%)
  - Uplift rate should be regional or zonal, not RTO-wide (63%)



- Should physical and virtual be able to net?
  - Ex., physical generator netted against virtual demand
- At what level of granularity should different things net?
  - Power balance is solved system-wide
  - Transmission flows are solved nodally
- How broadly?
  - Single participant
  - Corporate affiliates
- The more netting that is permitted the smaller the denominator becomes and the higher and more volatile the rate becomes. **Is that desirable?**

- Current model does not recognize the impacts of different types of deviations which makes netting difficult to bolt on
- Assume zonal level netting...
  - A UTC across a transmission constraint whose source and sink are in the same zone would net out and not receive a charge even though it impacted dispatch and potentially commitment
  - On an unconstrained system, an INC and a DEC in adjacent zones would not net out even though they should since they had no impact on power balance or congestion
- Netting more broadly fixes the INC/DEC issue but magnifies the UTC problem

- The MISO model splits these apart into power balance and transmission flow deviations
  - Power balance nets on a system-wide basis
  - Transmission flows net nodally
- MISO model relies heavily on distribution factors and flow contributions to allocate uplift on an hourly basis
  - FERC approved model
  - Significant increase in allocation complexity
  - Rate cutoffs
  - More precise...but is it accurate if causality is the goal?
- Are we willing to tackle this significant of a change?

- DA Uplift (No change from today)
  - Allocate system-wide to DA withdrawals
    - Cleared Demand, Price-sensitive demand, DEC's, Exports
    - No netting
- RT Uplift (not related to conservative operations)
  - Allocate uplift costs for resources NOT committed for transmission via a power imbalance charge
    - System-wide net energy position in DA versus net energy position in RT
  - Allocate uplift costs for resources committed for transmission via a transmission imbalance charge
    - Demand and supply deviations netted nodally
    - UTCs are both a supply and demand transaction and therefore would receive an allocation for each end



- Generators deemed to be not following dispatch based on today's metrics will be assessed both a power and transmission imbalance charge
- Wheel transactions and UTCs would receive a transmission imbalance for the source and sink but not a power imbalance charge
- Reactive and Blackstart allocations remain the same
- LOC for reliability reductions allocated same as reactive
- Remove netting of IBTs

- Congestion denominator is the largest as it includes all DA to RT deviations netted nodally and generator deviations in RT.

	<b>Allocation</b>	<b>Total Dollars Allocated</b>	<b>% of Total</b>
<b>2013</b>	Power Balance	\$51,319,296	17.4%
	BOR to Units That Cleared DA	\$59,518,595	20.2%
	Congestion	\$171,427,608	58.1%
	Reliability (RT Load + RT Exports)	\$12,688,582	4.3%
		\$294,954,081	
	<b>Allocation</b>	<b>Total Dollars Allocated</b>	<b>% of Total</b>
<b>2014</b>	Power Balance	\$83,307,612	13.3%
	BOR to Units That Cleared DA	\$50,735,803	8.1%
	Congestion	\$127,199,203	20.3%
	Reliability (RT Load + RT Exports)	\$366,018,158	58.4%
		\$627,260,775	

- Current DA uplift allocation is to DA withdrawals
- ERPIV approved changes to commit long lead time units in the DA market
  - If the units were previously called on in RT only for transmission-related issues or to meet load + reserves, their uplift costs were allocated to deviations
    - Now a portion if not all of their uplift is allocated to DA withdrawals
  - If the units were previously called on for conservative operations, their uplift costs were allocated to RT load
    - Now a portion if not all of their uplift is allocated to DA withdrawals
- This will significantly reduce the reliability bucket in favor of DA uplift.

**DOOM!**