



Energy and Reserve Pricing & Interchange Volatility Sub-Group Update

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July 9, 2014

- Short-term Energy and Reserve Pricing solution taken to May MRC for endorsement
 - Increase day-ahead scheduling reserve, synchronized reserve and primary reserve requirements under hot weather / cold weather / max gen alert issued and significant additional reserves have been scheduled

- An alternate version of the PJM proposal was endorsed
 - The alternate motion was the PJM package with a sunset of September 30, 2014 and with a long-term solution being developed such that it can be filed at FERC no later than October 1, 2014. Stakeholders encourage the Board to file at FERC under Section 205 or 206, as appropriate, or take whatever action is deemed appropriate. The long-term solution should be implemented as soon as technically feasible with a desired target of January 1, 2015.
- Long-term Energy and Reserve Pricing and Interchange Volatility solutions are under development to meet this timeline
 - Priority placed on developing the energy and reserve pricing solution first

- **Energy and Reserve Pricing Solution**
 - Proposals address creation of a new 30 minute RT Reserve Product
 - Proposals primarily differ on cost allocation and the application of shortage pricing
- **Interchange Volatility Solution**
 - Proposals suggest an optional forward clearing of interchange

- Upcoming meetings

Date	Time
Monday, July 28	9:00 am – 4:00 pm
Thursday, August 7	1:00 pm – 4:00 pm
Wednesday, August 20	9:00 am – 12:00 pm

- Participation at these meetings is highly encouraged due to the aggressive timeline!

- Update to be provided at August MIC / MRC
 - No official first read
 - Participants are asked to stay informed through the ERPIV meetings
- Vote to be taken at September MIC / MRC / MC