

# Clarification to Performance Assessment Interval (PAI) Agreement Language Problem Statement/Issue Charge

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- During the settlement calculation of the individual Performance Assessment Intervals for the October 2, 2019 event, PJM staff noted a lack of transparency into the settlement calculations
  - Lack of clarity and detail documented in the manuals and governing documents for some areas of the settlement calculations

- Address the lack of transparency into the settlement calculations in a two step approach
  - Document and post the details of the settlement calculations that were used in the October 2 PAI event
    - Allow for immediate transparency and greater ability for participants to perform shadow calculations for the Oct 2 PAI and any additional PAI events that may occur
  - Review the details of the settlement calculation with Stakeholders to ensure understanding of the calculations and then document in applicable governing documents and/or manual

- Identification of assessed resources
- Calculation of real-time reserve and regulation assignment
- Calculation of scheduled MW for non-performance and bonus determinations
- Calculations for a resource with both RPM and FRR commitments
- Retroactive Replacement for FRR commitments
- Actual performance and excusals calculation for modeling differences between the capacity and energy markets

- This effort will not re-define any previously defined practices surrounding the calculation of Performance Assessment Interval Non-Performance Assessments
- Out of scope items include:
  - Substantive changes to the Performance Assessment Interval Settlement process that are not in line with the intent of Capacity Performance
  - Changes to address areas that were overlooked as part of the Capacity Performance filings and/or any subsequent filings that affected the Capacity Performance rules.
  - Changes to the operational aspects of Performance Assessment Intervals, such as the triggers of PAIs, etc

- Commence Special Sessions of the Market Implementation Committee
  - August/September timeframe
- Review posted Non-Performance Assessment settlement calculation documentation on Capacity Market (RPM) web page
- Seek stakeholder input on the areas lacking detail and ultimately memorialize the business rules in the appropriate agreement or Manual
  - Expected duration of 6 months