

# VRR Quadrennial Review Tariff Requirements

Melissa Pulong

Senior Analyst II, Performance Compliance

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No later than every fourth Delivery Year, review the:

1. Shape of the Variable Resource Requirement (VRR) Curve
2. Calculation of the Cost of New Entry
3. Methodology for determining the Energy & Ancillary Services revenue offset

The VRR Curve establishes the level of Capacity Resources that will provide an acceptable level of reliability consistent with the Reliability Principles and Standards, for a single Delivery Year.

- OATT, Attachment DD, Section 5.10(a)ii
  - Shall perform a review of the shape of the Variable Resource Requirement Curve
  - Based on **simulation** of market conditions to quantify the ability of the market to invest in new Capacity Resources and to **meet the applicable reliability requirements** on a probabilistic basis
  - PJM shall prepare a recommendation to either modify or retain the existing Variable Resource Requirement Curve shape

Appropriate procurement level will be part of the analysis of the VRR Curve

All dates below are the year prior to the applicable auction

- PJM staff proposal by May 15
- Member vote by August 31
- FERC filing by October 1

Capacity Reform Phase II will keep this group informed on changes to assumptions that impact the Quadrennial Review. Certain Quadrennial Review inputs and assumptions may need to be locked-in prior to decisions being made in Phase II and assume status quo in order to meet the tariff deadlines listed above.

Presenter:  
Melissa Pilong,  
[Melissa.Pilong@pjm.com](mailto:Melissa.Pilong@pjm.com)

SMEs:  
Gary Helm,  
[Gary.Helm@pjm.com](mailto:Gary.Helm@pjm.com)

Melissa Pilong,  
[Melissa.Pilong@pjm.com](mailto:Melissa.Pilong@pjm.com)

## VRR Tariff Requirements



### Member Hotline

(610) 666 – 8980

(866) 400 – 8980

[custsvc@pjm.com](mailto:custsvc@pjm.com)