



MIC Special Session: Operating Reserve Clarification for Resources Operating as Requested by PJM

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Market Implementation Committee
September 11, 2024

- Raised by PJM and the Independent Market Monitor in February, 2022.
- Clarify and/or enhance rules governing the calculation of Balancing Operating Reserve Credits paid to supply resources determined to be operating as requested by PJM and how such determination is made.
- Strengthen incentives for supply resources to operate consistent with PJM's directions.

Feb-Mar 2022

First Read &
Approval of
PS/IC
(MIC)

Aug-Nov 2022

Revisions to M28
to address CT
Rule Removal
(MIC/MRC)

Apr-Jul 2022

Education and
Matrix
Development
(MIC)

Sep 2023

Special Sessions
to address
remaining issues
on IC

During the July 2022 MIC meeting, PJM and the IMM recommended, and stakeholders supported, a bifurcated approach to the content under this issue charge:

Move forward with the proposal to remove the special treatment CTs received in the calculation of balancing operating reserve make whole credits.

- This was endorsed at the October 2022 MRC meeting and subsequently implemented on November 1, 2022.

Continue discussion on the remainder of the content at special sessions of the MIC given the level of complexity, starting as early as October 2022.

- These sessions were deferred due to work on Reserve Price Formation and then Winter Storm Elliott
- Special sessions resumed in September 2023

- Q4 2023
 - Education provided by PJM and the IMM
 - Interest Identification
 - Design Components
- Q1 2024 – present
 - Solution Option Development
 - Detailed examples provided to replicate settlement calculations under various scenarios
- Next Steps
 - Package Development
 - Polling may be initiated following Package Development

The solution options under discussion include:

- Use of a new Tracking Ramp Limited Desired MW metric to measure how well a unit follows dispatch across consecutive intervals.
- Adjustments to the periods for which resources will be eligible to receive Balancing Operating Reserve Credits
- Structural changes to the Balancing Operating Reserve Credit calculation to:
 - Increase transparency and simplify the calculations while still ensuring uplift is limited to the amount owed if the unit had been following dispatch.
 - Ensure complete accounting of revenues and costs and prevent double recovery of costs

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<ul style="list-style-type: none">• Solution Option Development is concluding in Special Sessions. The proposed changes are expansive.	<ul style="list-style-type: none">• Package Development to begin in Q4 2024	<ul style="list-style-type: none">• Polling may be initiated and results brought to MIC

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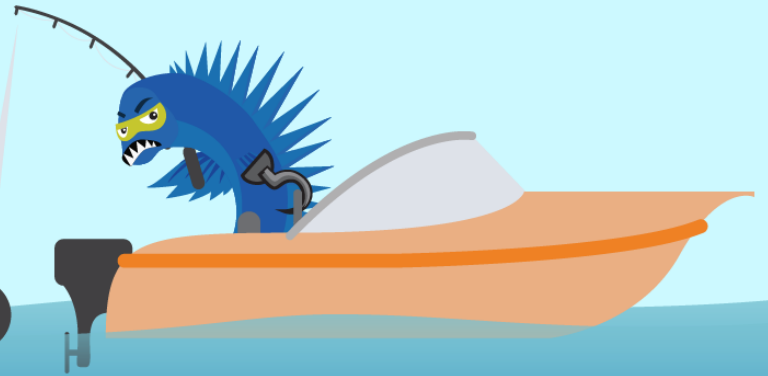
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