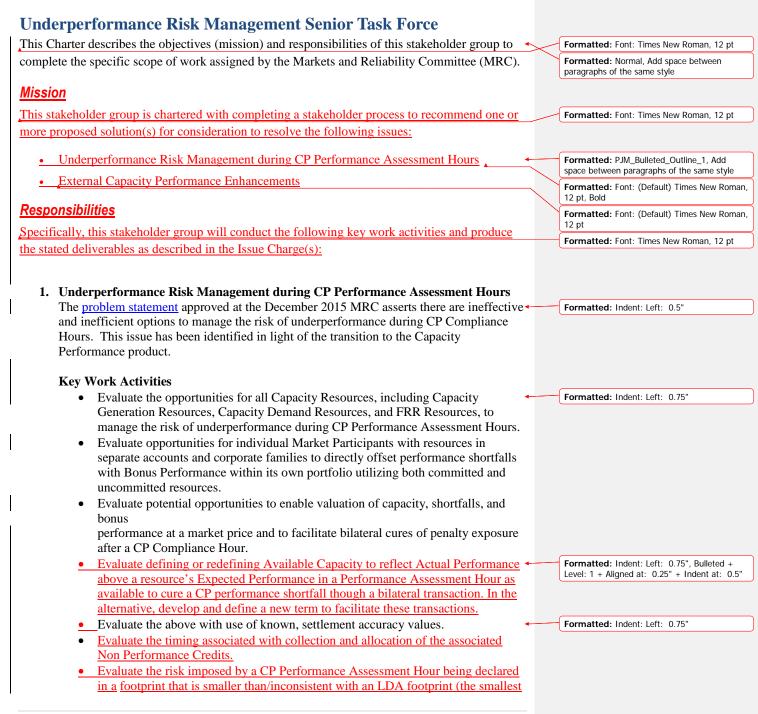


## **Draft Charter**



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# **Draft Charter**

- market area recognized by RPM). Review the existing tariff language governing this situation. Identify and evaluate strategies to mitigate this risk.
- Evaluate the risk to resource owners for imposing CP Non-Performance Assessments for security events, rather than resource adequacy events. Review the existing tariff language governing this situation. Identify and evaluate strategies to mitigate this risk.
- Develop a metric(s) to identify the benefits of any proposal to PJM market participants, including customers.
- Evaluate the benefits of any proposal developed under this Problem Statement using the metric(s) developed above.

## **Expected Deliverables**

- Education and analysis on the ability for Capacity Resources to manage the risk of underperformance during CP Performance Assessment Hours.
- Analysis of alternatives for solutions addressing rules and requirements to manage underperformance risk during Performance Assessment Hours.
- Tariff (OATT), Reliability Assurance Agreement, and Manual 18 (Capacity Market Operations) updates to reflect any decisions taken that would modify the status quo.

### **Deadlines to Consider**

• Complete work and make recommendations to the MRC by the November <u>October</u> 2016 MRC meeting.

### 2. External Capacity Performance Enhancements

The <u>problem statement</u> approved at the May 2016 MRC asserts there is a need to implement enhancements to its external CP resource evaluation construct in response to operational, markets, and planning challenges observed by PJM and its neighboring entities during the pseudo-tie implementation process.

### **Key Work Activities**

- Provide education regarding:
  - Existing external CP resource construct; and
  - Existing internal and external resource capacity eligibility; and
  - Planning, Markets and Operations challenges and compliance requirements associated with external capacity resources; and
  - o Concerns expressed by external entities.
- Determine what changes are necessary, if any, to align the requirements for internal and external capacity resources.
- Develop a detailed solution to implement any necessary changes

### **Out of Scope Work Activities**

- Redesign of PJM's Energy Management System (EMS)
- Relaxing current reliability requirements
- Issues associated with the operation of the markets at the seam will be discussed at the PJM/MISO Joint and Common Market Meetings.

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## **Draft Charter**

### **Expected Deliverables**

- Education and analysis on the current challenges associated with pseudo tied External Capacity Resources.
- Analysis of alternatives for solutions addressing External Capacity Performance Enhancements that better align the requirements for internal and external capacity resources.
- Tariff (OATT), Reliability Assurance Agreement, and Manual 18 (Capacity Market Operations) updates to reflect any decisions taken that would modify the status quo.

#### **Deadlines to Consider**

- Complete work and make recommendations to the MRC by the August 2016 MRC meeting in order to impact the 2020/2021 Base Residual Auction to be held in May 2017
- RPM Planning Parameters for the 2020/2021 Base Residual Auction are posted by February 1, 2017.
- Potential impacts to volume and timeline associated with planning studies required for participation in the 2020/2021 Base Residual Auction are posted by February 1, 2017

#### **Decision-Making Method**

Consensus Based Issue Resolution (CBIR) Methodology, with intended outcome of Tier 1, Consensus on a single proposal

#### Administration

Group name: Underperformance Risk Management Senior Task Force Parent committee: Markets and Reliability Committee (MRC) Facilitator/Chair: Rebecca Carroll Secretary: Susan Kenney Webpage: <u>http://www.pim.com/committees-and-groups/task-forces/urmstf.aspx</u> Meeting frequency: Approximately <u>once-twice</u> a month

Expected overall duration of work: 8 months

- The Underperformance Risk Management Senior Task Force (URMSTF) shall base its activities by the rules and protocols found in the PJM Stakeholder Process Manual (M-34).
- The group will accomplish the scope of work identified above, and only that work.
- Approval from the parent Standing Committee will be sought before engaging in any activity outside this scope.
- The group will periodically report progress on its chartered scope of work to its parent committee, the MRC.
- Meeting minutes and all meeting materials will be published on the PJM web site.
- The group will prepare a final report (the Consensus Proposal Report or Proposal Alternatives Report, whichever is applicable). This report will constitute its recommendation to the parent Standing Committee to resolve the issue.
- Membership in the group is open and will be identified by volunteerism. Group members are not required to sign a confidentiality agreement or non-disclosure agreement.