UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

	)	
PJM Interconnection, L.L.C.	)	Docket No. ER26-59-000
	)	

COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM

Pursuant to Rule 211 of the Commission's Rules and Regulations[1] Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor ("Market Monitor") for PJM Interconnection, L.L.C. ("PJM"),[2] submits these comments responding to the filing submitted by PJM Interconnection, L.L.C. ("PJM") on October 7, 2025 ("October 7th Filing").

The October 7th Filing proposes revisions to the PJM rules that govern make whole payments, commonly known in PJM as operating reserve credits, or uplift. The proposed revisions, among several other issues, address a fundamental problem with the status quo in which resources can receive make whole payments for energy produced while not following PJM's energy market dispatch instructions.

The Market Monitor supports the October 7th Filing and recommends that it be approved.

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1 18 CFR § 385.211 (2025).

2 Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff ("OATT"), the PJM Operating Agreement ("OA") or the PJM Reliability Assurance Agreement ("RAA").

I. BACKGROUND

In PJM, resources committed by the PJM energy market (e.g. pool scheduled) are eligible for make whole payments as long as they operate as requested by PJM. PJM has historically made this determination based on dispatcher logs and resources' commitment timing (online and offline time).[3] The determination of which resources operate as requested by PJM has been made based on commitment instructions and not dispatch instructions. Dispatch instructions include the directions PJM gives to a resource to increase or decrease its MW output level. The degree to which resources follow dispatch affects the level of make whole payments only if a resource fails to follow dispatch instructions to a large enough degree to trigger PJM's deviation rules.

In many situations, the current rules do not properly identify which resources are not following dispatch and are therefore receiving unwarranted make whole payments. Over the years, the Market Monitor has identified these instances and communicated its findings to the Market Seller and PJM. PJM's position has been that failure to follow PJM's dispatch instructions does not make it ineligible for make whole payments. The Market Monitor disagreed. This impasse prompted a joint effort between PJM and the Market Monitor to clarify the rules that govern make whole payments.[4] [5]

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[3] *See* "Operating Reserve Make Whole Credit Education," slides 13-14, PJM presentation to the Market Implementation Committee. (April 13, 2022) <https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2022/20220413/item-11a---operating-reserve-make-whole-credits-education.pdf>.

[4] *See* Problem Statement: Operating Reserve Clarification for Resources Operating as Requested by PJM, PJM Interconnection, L.L.C. (2023), <https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2024/20240112-special/operating-reserve-clarification-for-resources-operating-as-requested-by-pjm---problem-statement.pdf>.

[5] *See* Issue Charge: Operating Reserve Clarification for Resources Operating as Requested by PJM, PJM Interconnection, L.L.C. (2023), <https://www.pjm.com/-/media/DotCom/committeesgroups/committees/mic/2024/20240112-special/operating-reserve-clarification-for-resources-operating-asrequested-by-pjm---issue-charge.pdf>.

This filing is the result of the combined work of PJM and the Market Monitor to, among several other issues, address the fundamental problem with the status quo in which resources can receive make whole payments for energy produced while not following dispatch.

II. COMMENTS

A. The Proposed Revisions Address a Fundamental Flaw with the Status Quo.

As stated by PJM (at 14), the review of make whole payments to resources that did not follow PJM's commitment and dispatch instructions revealed that some of the credits were paid for energy that was not truly desired or requested by PJM.

In order to address this flaw, PJM and the Market Monitor developed a new metric to evaluate how well a resource follows dispatch across consecutive intervals. The new metric, called Tracking Ramp Limited Desired (TRLD), is a considerable improvement over status quo.

Today, PJM uses up to three different metrics to determine how well a resource followed dispatch: Dispatch Signal MW, Ramp Limited Desired MW and LMP Desired MW. The main problem with status quo is that two of the three metrics (the Dispatch Signal MW and the Ramp Limited Desired MW) do not capture how well or how badly a resource followed PJM's dispatch instructions over multiple intervals. These two metrics evaluate each real-time market five minute interval independently. As PJM shows in Example 1 (at 23), a resource can fail to follow dispatch and appear as if they were following dispatch because the dispatch signal has to use the resource's actual output as a starting point for the dispatch signal rather than the output to which PJM had already dispatched the resource. In Example 1, the resource is only off dispatch by 5 MW (5 percent) according to PJM's current metric, even though it failed to react to the dispatch signal until the fourth interval and was therefore off dispatch by 15 MW (see Example 1 at 25).

The new TRLD metric addresses this problem. As PJM shows in Example 1 (at 25), the new TRLD metric will reflect the MW level that the resource would have achieved if it had followed PJM's dispatch instruction.

The next improvement to the rules is the implementation of a three step make whole credit calculation. The three steps are 1) calculate any needed make whole payments using the new TRLD metric, 2) calculate any needed make whole payments using actual resource output and 3) compensate resources based on the lower of step 1 (TRLD) and step 2 (Actual).

There are several advantages to this approach.

Under the proposed approach, PJM will limit make whole payments to the level that resources would have received if they had followed dispatch. This is accomplished by using the new metric TRLD in the step 1 calculation.

The proposed approach will avoid a current issue in the make whole calculation in which PJM may use a desired metric on one side of the make whole calculation (e.g. revenues) and actual output on the other side (e.g. costs), creating an asymmetry in the calculation that can result in overstating revenues and understating costs.

The proposed approach will provide greater transparency to resource owners about the inputs used in the make whole calculation and it will show the financial impact that would result from not following dispatch in the comparison of the results of step 1 (TRLD) versus step 2 (Actual).

The proposed approach will improve the definition and tracking of eligibility periods. Under the status quo, there is a heavy reliance on dispatch logs to determine resource eligibility for make whole payments. Although reliance on dispatch logs cannot be eliminated, the proposed revisions include systematic rules that will provide a consistent treatment across resources while accounting for commitment type (pool or self scheduled) and unit type (units with or without a soak process).

B. The Proposed Revisions Include Conforming Changes Required for Consistency.

Table 1 shows other areas of the uplift rules that require changes in order to have a set of rules that consistently, systematically and transparently evaluate how well resources follow PJM's commitment and dispatch instructions. The Market Monitor supports all of these changes.

Table 1 Other areas affected by the proposal

Area	Description	Proposal
Deviations	Generation resources are assessed deviation charges based on how well they follow PJM's dispatch	The rules that govern deviation charges need to be updated in order to incorporate the new metric (TRLD) and remove exceptions that are no longer needed due to the adjustments that the new metric will incorporate.
Fixed Gen	Generation resources can avoid following dispatch by offering fixed gen and operate block loaded.	Make whole credits will be determined based on the resource's minimum and maximum operating limits without consideration of the resource's Fixed Gen limitations.
Limited Dispatchability	Generation resources can reduce or eliminate their dispatchable range by reducing the difference between their economic maximum and minimum/	Make whole credits to generation resources that reduce their dispatchable range from the range offered at the time PJM committed will be determined based on the resource's minimum and maximum at the time of commitment.
Parameter Limits Violations	Generation resources that operate outside of their approved unit-specific parameters (or outside any approved exceptions to such parameters) are not be made whole, unless it can be demonstrated after the fact that the reason was an actual constraint.	Generation resources will not recover any costs incurred for the intervals where the submitted operating parameters exceed the approved unit-specific parameters and such parameter affects the MW dispatch level of the resource in a given settlement interval.
Market Suspension	Generation resources remain eligible for make whole payment under a Market Suspension	Make whole credits to generation resources under a Market Suspension will be based on actual output.
Reactive Services	Generation resources received make whole payments for reactive services when committed for reactive support.	The rules that govern reactive services charges need to be updated in order to incorporate the new metric (TRLD).
Self Scheduled Flexible Resources	Generation resources remain eligible for make whole payment under a Market Suspension	Make whole credits to generation resources under a Market Suspension will be based on actual output.
Naming Convention	In PJM, uplift payments are called Operating Reserve credits and charges	Rename Operating Reserves to Energy Uplift and Day-Ahead/Balancing Operating Reserve credits to Day-Ahead/Balancing Energy Make Whole credits.

III. CONCLUSION

The Market Monitor respectfully requests that the Commission afford due consideration to this pleading as the Commission resolves the issues raised in this proceeding.

Respectfully submitted,

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Dated: October 28, 2025

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Eagleville, Pennsylvania,
this 28th day of October, 2025.

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