

Market Monitor Report

Members Committee
Webinar
April 22, 2013

Joseph Bowring



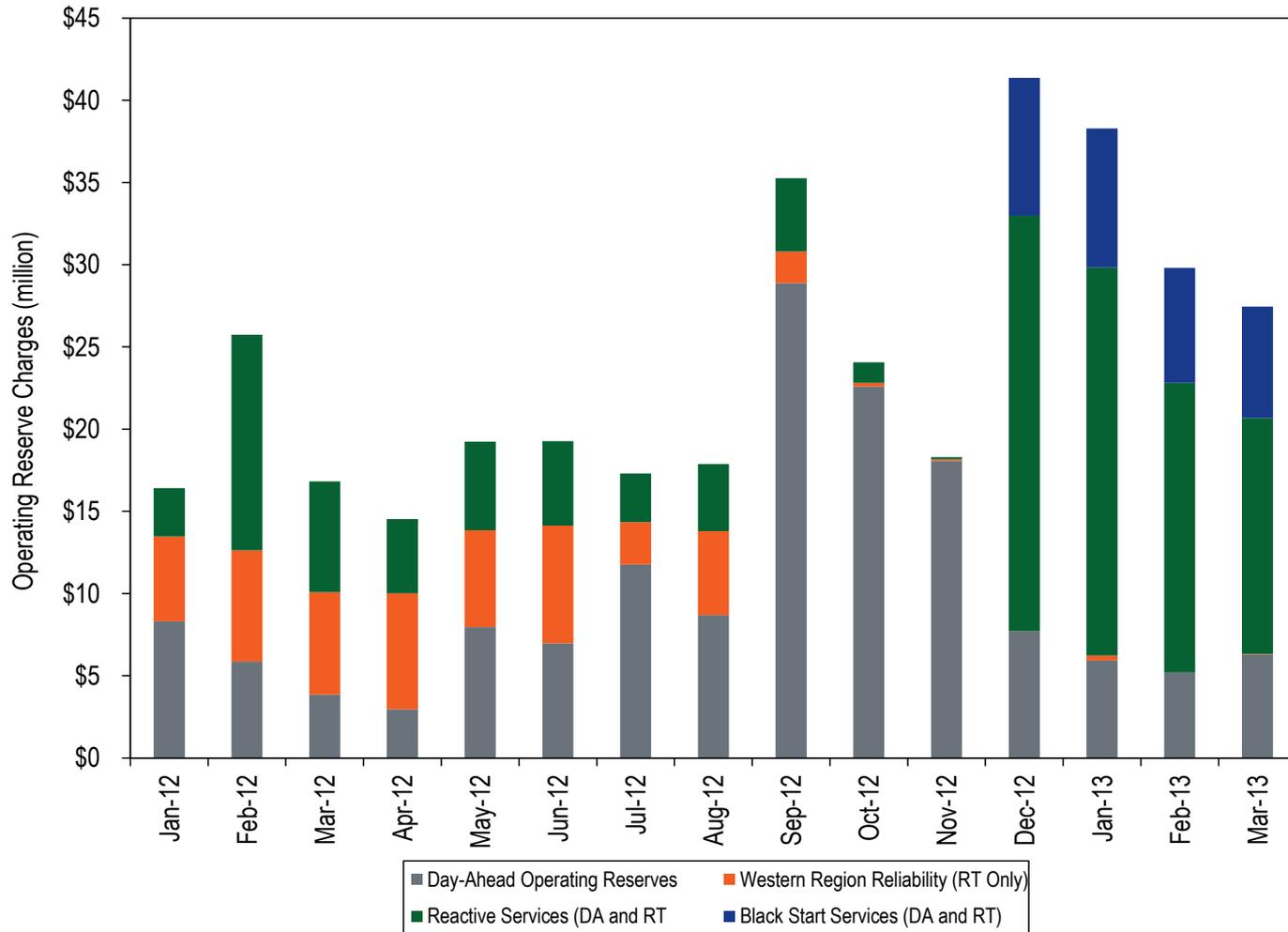
Monitoring Analytics

Operating Reserve Charges Shift

- **On September 13, 2012, PJM increased the amount of generation scheduled in DA needed for reliability in RT.**
 - **This shifted a substantial amount of operating reserve charges from RT to DA Market.**
- **December 1, 2012, was the effective date of PJM filing with FERC to correct the allocation of the cost of day-ahead operating reserves paid to these units.**
 - **This shifted the costs of black start and reactive services (allocated in day ahead after Sep 13) consistently with PJM's black start and reactive cost allocation rules.**



Selected Operating Reserve Charges (Jan 2012 – Mar 2013)



Selected Operating Reserve Charges (Jan 2012 – Mar 2013)

- **Day-ahead operating reserve charges include all payments to units scheduled noneconomic in day ahead.**
- **Western region reliability charges prior to September 13 included the cost of noneconomic commitment of black start (ALR) units in real time.**
- **After December 1, all ALR costs are allocated as black start charges:**
 - **the costs of units scheduled noneconomic in day ahead to provide black start services in real time**
 - **The costs of units committed noneconomic only in real time**

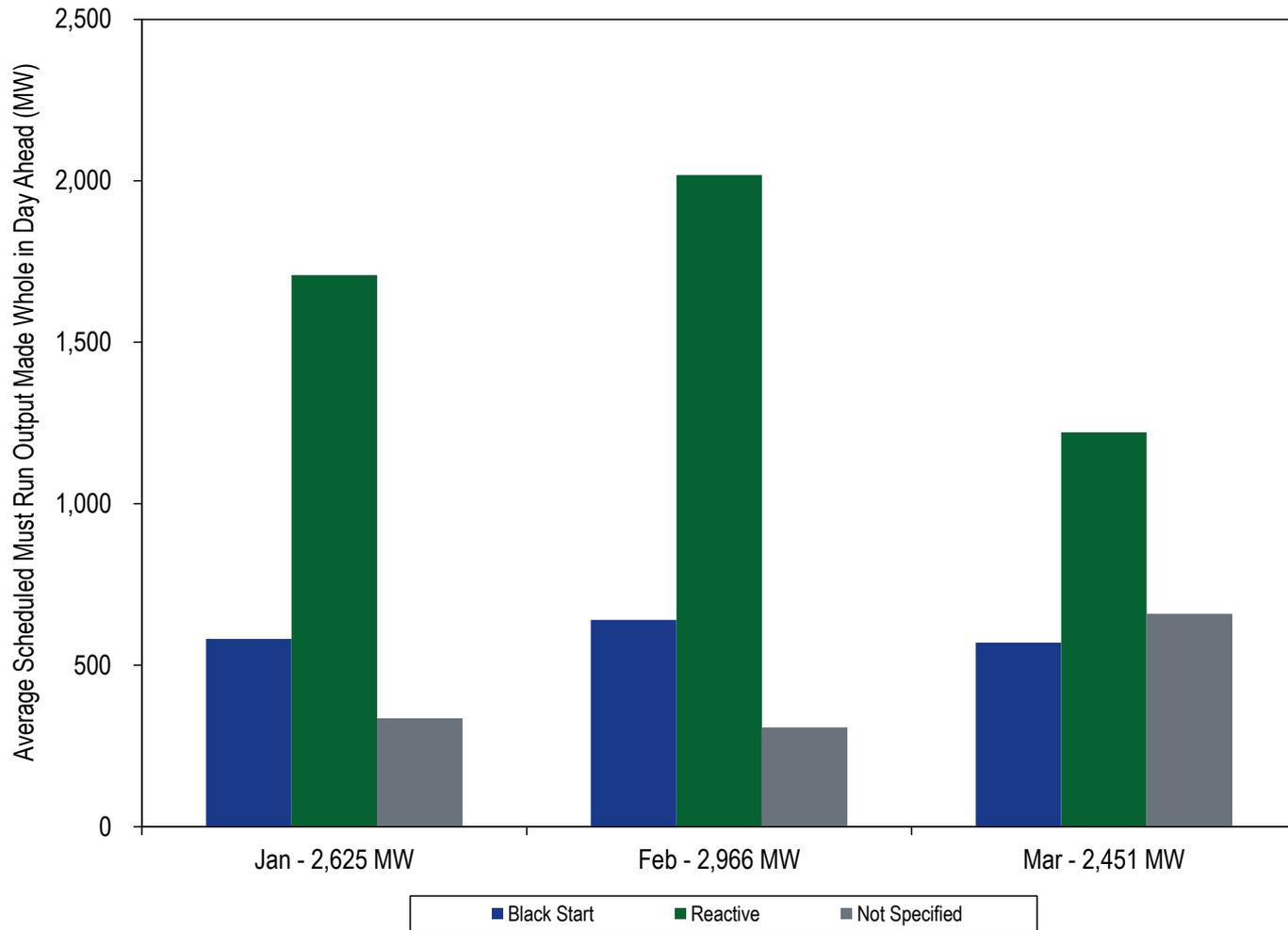


Selected Operating Reserve Charges (Jan 2012 – Mar 2013)

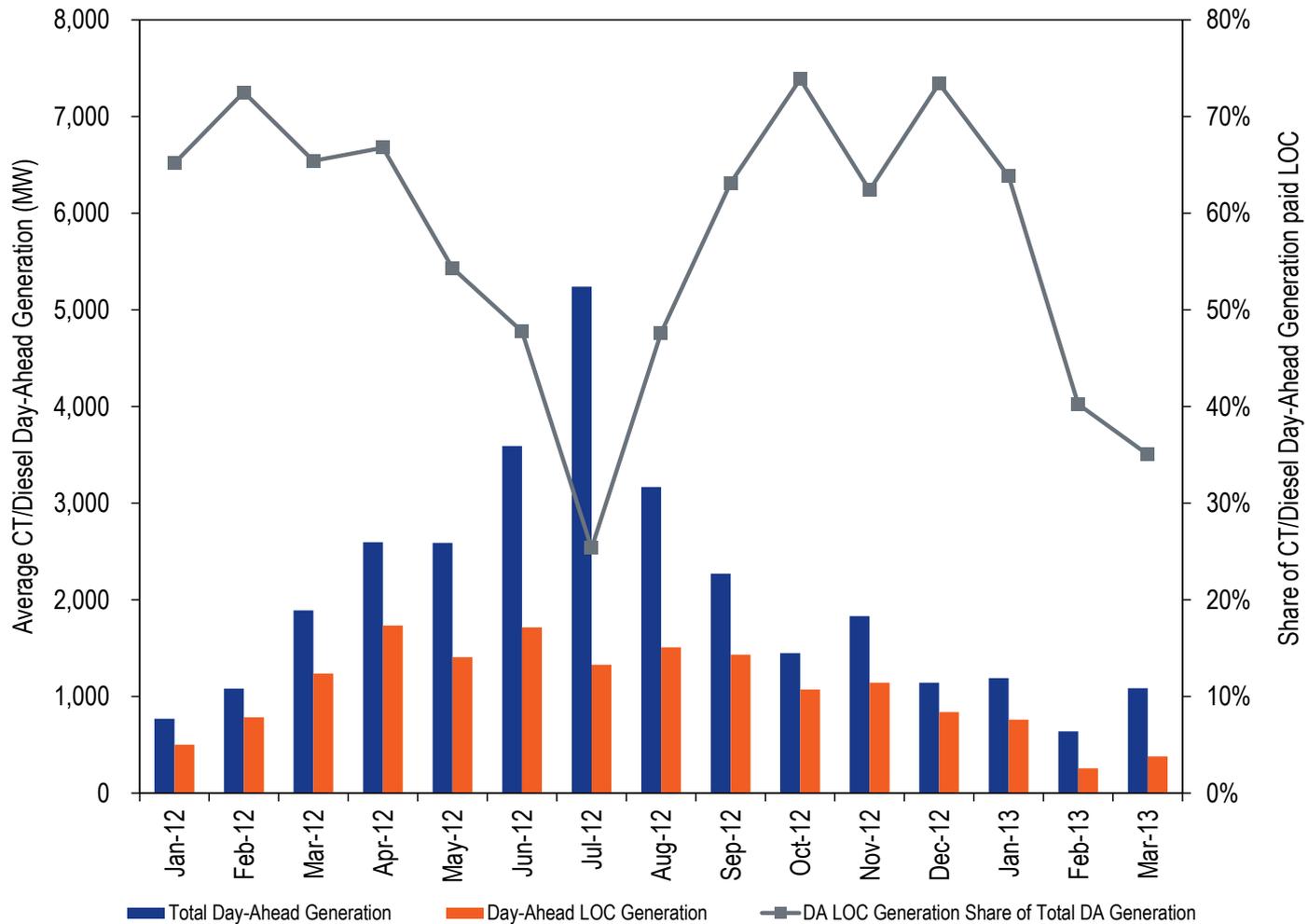
- **Prior to December 1, the costs of units scheduled noneconomic in day ahead to provide reactive support in real time were included in the day-ahead operating reserve charges.**
- **After December 1, the costs of units scheduled noneconomic in day ahead to provide reactive support in real time are included in the reactive services charges.**
- **The cost of units providing reactive services is calculated differently if the units are scheduled in day ahead or committed in real time. The reactive cost of a unit scheduled in day ahead includes no load and startup costs, but does not in real time.**



Average Day-Ahead Must Run Output (Jan – Mar 2013)



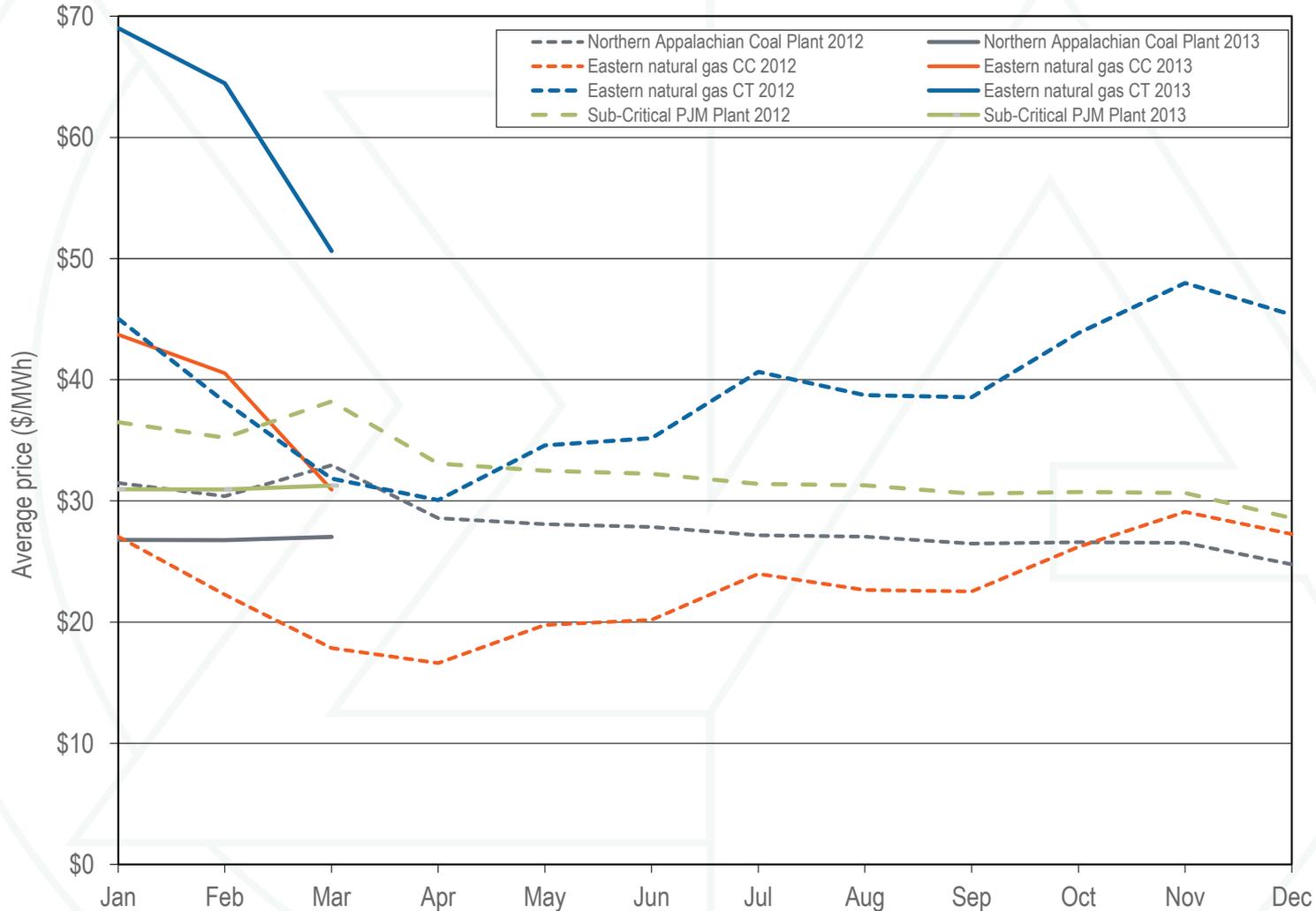
CT/Diesel Generation and LOC Payments



LOC Recommendations: (Jan 2012 – Mar 2013)

	LOC when output reduced in RT	LOC when scheduled DA not called RT	Total
Current Credits	\$26,357,198	\$184,519,762	\$210,876,960
Impact 1: Committed Schedule	\$1,537,066	\$34,767,634	\$36,304,700
Impact 2: Eliminating DA LMP	NA	(\$1,000,183)	(\$1,000,183)
Impact 3: Using Offer Curve	(\$1,746,985)	\$14,607,640	\$12,860,655
Impact 4: Including No Load Cost	NA	(\$89,255,751)	(\$89,255,751)
Impact 5: Including Startup Cost	NA	(\$26,434,844)	(\$26,434,844)
Net Impact	(\$209,919)	(\$67,315,504)	(\$67,525,422)
Credits After Changes	\$26,147,279	\$117,204,259	\$143,351,538

Average Cost of Generation for New Entrant CC, CT, CP, and average PJM coal unit



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