

Operating Reserve Clarification Issue - PJM/IMM Proposal

MIC Special Session - Operating
Reserve Clarification for Resources
Operating as Requested by PJM
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Problem (Status Quo)

- **Units are eligible to receive BOR credits (uplift) when “operating as requested by PJM.” This qualification has led to disagreements between PJM and the IMM regarding the payments made to units that do not follow dispatch.**
 - **PJM’s interpretation is that operating as requested means coming online and offline as requested.**
 - **The IMM believes units must also follow dispatch in order to be eligible.**

Solution

- **PJM and the IMM developed a solution to address the problem with status quo.**
 - **A new metric (Tracking Ramp Limited Desired) would be developed.**
 - **TRLD will be used to measure how well a unit follows dispatch across consecutive intervals (current metrics do not accomplish that).**
 - **Uplift payments will not exceed the amount a unit would have received if it had followed PJM's instructions.**
- **As part of solution development PJM and the IMM identified, reviewed and proposed changes in other areas that have been overlooked or that benefit from clarification.**

Other Areas

- **Eligibility start and end**
- **Offsets from ancillary services net revenue and other uplift payments**
- **Flexible resources BOR treatment**
- **Revenues during soak costs**
- **Limited dispatchable range / fixed gen**
- **PLS violations**
- **Deviations**
- **Reactive credits**
- **Market suspension**

IMM Position

- **Status quo is not an option going forward.**
- **Failure to address status quo will continue the disagreement between PJM and the IMM.**
 - **FERC involvement may be necessary to resolve dispute.**
 - **FERC enforcement may be necessary to avoid excessive uplift paid to units not following dispatch.**
- **Failure to address status quo will continue to pay uplift to units that fail to follow dispatch while properly failing to recognize costs and revenues from units that follow PJM's directives (e.g. postponed starts, early releases).**

IMM Position

- **PJM and the IMM have provided significant amount of material and examples that explain the proposal.**
- **The proposal has addressed some issues raised by stakeholders, for example:**
 - **Ambient related deviations.**
 - **Treatment of self scheduled flexible resources.**

IMM Position

- **Between 2018 and 2023, the IMM has identified \$17.9 million paid to units not operating as requested by PJM.**

Year	Disputed Uplift (millions)
2018	\$1.3
2019	\$0.9
2020	\$7.1
2021	\$5.7
2022	\$2.2
2023	\$0.7
Total	\$17.9

- **This amount only includes cases in which units were not following PJM's dispatch instruction for their entire commitment or a significant number of intervals.**
- **Since 2023, the IMM has been focused on developing a solution with PJM to address the issue.**

IMM Position

- **Uplift has always been a complex topic. The proposal should not be rejected because it is complex.**
- **Any concerned participant should provide specific feedback and/or provide specific alternatives to features of the proposal.**



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