Locational Reserves

RCSTF

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IMM

Monitoring Analytics

IMM's Position

- **IMM's Proposal**
  - **Per existing rules, a new reserve subzone should be created only based on clearly defined criteria.**
  - **Clear the market with subzonal reserve requirements.**
  - **Subzonal reserve requirements should be based on uncertainty studies similar to appropriately defined RTO uncertainty studies.**
  - **Reserve transfers between the RTO and subzone should be limited by the available transmission capacity.**
  - **No reductions in transmission facility ratings should be applied by PJM.**

PJM's Proposal

- **PJM's Proposal**
  - **Nodal reserve assignments**
  - **Create a congestion constraint for reserves**
  - **Aggregate reserves would be distributed to generators**
  - **Every generator would have a reserve assignment**
  - **PJM has yet to propose a method for distributing the reserves to the individual generators**
  - **PJM's proposal lacks other implementation details**

Locational Reserves

- Any nodal distribution scheme would be arbitrary
  - We don't know "where" the next generation trip or forecast error could occur
- PJM's proposal would increase the cost with no commensurate benefit
  - Satisfying nodal reserve congestion constraint would require redispatching expensive resources resulting in higher costs and prices
  - Nodal reserve assignments are unlikely to satisfy PJM's future unknown need for locational reserves

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