

Markets & Reliability Committee

Webex Only

September 29, 2021

9:00 a.m. – 1:15 p.m. EPT

Administration

Stu Bresler and Dave Anders welcomed stakeholders and provided the Anti-trust, Code of Conduct, and Meeting Participation announcements.

Consent Agenda

Items A and B were **approved/endorsed** by acclamation with no objections or abstentions:

- A. Minutes of the August 25, 2021 meeting of the Markets and Reliability Committee (MRC).
- B. Revisions to the Regional Transmission and Energy Scheduling Practices document.

Endorsements

1. Energy Price Formation Charter

Susan Kenney reviewed proposed revisions to the EPFSTF Charter. Following discussion, the proposed revisions were **approved** in a sector-weighted vote with 2.88 in favor (note: the approval threshold for Charter revisions is simple majority).

[Issue Tracking: Operating Reserve Demand Curve & Transmission Constraint Penalty Factors](#)

2. Natural Gas and Electric Markets Issue Charge

Jim Davis, Dominion Energy, reviewed a Problem Statement and Issue Charge related to natural gas and electric market coordination. Greg Poulos, CAPS, moved on behalf of the New Jersey Division of Rate Counsel, and seconded on behalf of the Delaware Division of the Public Advocate, deferring voting on the proposed Issue Charge until the December, 2021 MRC meeting. The motion **failed** in a sector-weighted vote with 2.50 in favor. Following discussion, the proposed Issue Charge was **approved** in a sector-weighted vote with 4.26 in favor.

3. Market Suspension

Stefan Starkov reviewed proposed Operating Agreement (OA) and Tariff revisions to address rules related to market suspension. David Scarpignato, Calpine, moved and Becky Robinson, Vistra, seconded deferring voting on the proposed OA and Tariff revisions until such time as the Market Implementation Committee (MIC) has considered and voted upon (either affirmatively or negatively) supplemental procedures that would govern in the event of a longer-term market suspension, which could then be added to the existing proposal. The motion **passed** in a sector-weighted vote with 4.05 in favor. It was noted that the substance of the posted proposed friendly amendment will be reviewed in the upcoming MIC deliberations.

[Issue Tracking: Rules Related to Market Suspension](#)

4. Initial Margining Solution

- A. Anita Patel provided an update on the conclusion of the Financial Risk Mitigation Senior Task Force (FRMSTF).
- B. Jessica Troiano reviewed proposed Tariff revisions supporting the FRMSTF endorsed proposal.

Mark Hurwich, Elliot Bay, offered a proposed friendly amendment to the proposed Tariff revisions on p. 50 as highlighted below:

For Market Participant customer accounts for which FTR bids have been submitted into the current FTR auction, if the Market Participant's FTR Credit Requirement exceeds its credit available for FTRs as a result of the mark-to-auction requirements for the Market Participant's portfolio of FTRs in the tentative cleared solution for an FTR auction (or auction round), PJM shall issue a Collateral Call to the Market Participant, and the Market Participant must fulfill

Adrien Ford, ODEC, offered a proposed friendly amendment to the proposed Tariff revisions capture "70/30" weighting of the weighted aggregation method. This was captured by inserting "(30%)" after "straight sum", and "(70%)" after "weighted root sum of squares" in the last sentence in the following paragraph on p. 46:

(i) FTR Obligations IM

Initial margin values for Financial Transmission Right Obligations shall be determined utilizing a historical simulation value-at-risk methodology that calculates the size and value at risk of the applicable FTR portfolio based on a defined confidence interval and subject to a weighted aggregation method that is represented by a straight sum for long term positions and a combination of straight sum and weighted root sum of squares for balance of planning period positions.

There were no objections to either proposed amendment, and therefore both of these proposed amendments were incorporated into the proposed Tariff revisions.

- C. James Ramsey, Perast Capital, and Matt Holstein, Duke Energy, discussed perspectives on the Main Motion.
- D. Greg Poulos, on behalf of New Jersey Division of the Rate Counsel, indicated his intention to move the PJM Proposal (FRMSTF Package A) as an alternative proposal should the main motion fail.

Following discussion, the main motion (as amended) **passed** in a sector-weighted vote with 3.42 in favor. The committee voted to sunset the FRMSTF by acclamation with no objections or abstentions.

[Issue Tracking: Financial Risk Mitigation](#)

First Readings

5. Resource Adequacy Charter

Dave Anders reviewed a proposed Charter for a new Resource Adequacy Sr. Task Force to address resource adequacy topics discussed in the Capacity Workshops. The committee will be asked to approve the proposed Charter at its next meeting.

6. 2021 Reserve Requirement Study Results

Patricio Rocha Garrido reviewed the 2021 Reserve Requirement Study preliminary results (IRM, FPR). The committee will be asked to endorse the study results at its next meeting.

7. Behind the Meter Generation Business Rules on Status Changes

Theresa Esterly reviewed a proposed updates addressing behind the meter generation business rules on status changes. The committee will be asked to endorse the proposed updates and corresponding Manual and Tariff revisions at its next meeting.

[Issue Tracking: Behind the Meter Generation Business Rules on Status Changes](#)

8. Incremental & No Load Energy Offer

Tom Hauske reviewed proposed revisions in Manual 15: Cost Development Guidelines, the OA, and the Tariff to address incremental and no load energy offers. The committee will be asked to endorse the revisions at its next meeting.

9. Solar-Battery Hybrid Resources

Andrew Levitt reviewed a proposed solution package to address various aspects of market participation by solar-battery hybrid resources. The committee will be asked to endorse the proposed solution and corresponding Tariff revisions at its next meeting.

[Issue Tracking: Solar-Battery Hybrid Resources](#)

10. Undefined Regulation Mileage Ratio Calculation

A. Michael Olaleye reviewed the PJM proposal addressing the undefined regulation mileage ratio calculation.

B. Adrien Ford, ODEC, noted that she will offer the IMM Proposal as an alternative motion.

The committee will be asked to endorse a proposed solution and corresponding Manual and Tariff revisions at its next meeting.

[Issue Tracking: Undefined Regulation Mileage Ratio Calculation](#)

11. Energy Efficiency (EE) Addback (12:30-12:45)

Jeff Bastian provided a first read of the IMM/PJM proposal addressing the calculation of the EE Addback. The committee will be asked to endorse the proposed solution and corresponding Manual revisions at its next meeting.

[Issue Tracking: Energy Efficiency Addback](#)

12. ARR/FTR Market Task Force Update (12:45-1:15)

- A. Dave Anders and Brian Chmielewski provided an overview of the activities of the task force and proposals developed through the ARR/FTR Market Task Force. Brian Chmielewski provided additional detail on the PJM/Joint Stakeholder proposal.
- B. Joe Bowring, IMM, provided additional detail on the IMM proposal. Erik Heinle, Office of the Peoples' Counsel for the District of Columbia (DCOPC), and David Canter, AEP, summarized the DCOPC and AEP proposals, respectively.

The committee will be asked to endorse a proposed solution and corresponding Manual and Tariff revisions at its next meeting.

[Issue Tracking: ARR/FTR Market Review](#)

Future Agenda Items (1:15)

No new future agenda items were identified.

Future Meeting Dates and Materials			Materials Due to Secretary	Materials Published
Date	Time	Location		
October 20, 2021	9:00 a.m.	WebEx	October 8, 2021	October 13, 2021
November 17, 2021	9:00 a.m.	WebEx	November 5, 2021	November 10, 2021
December 15, 2021	9:00 a.m.	WebEx	December 3, 2021	December 8, 2021

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