



Manual 28 (OA Accounting): Reserve Price Formation Clarifications

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January 25, 2023

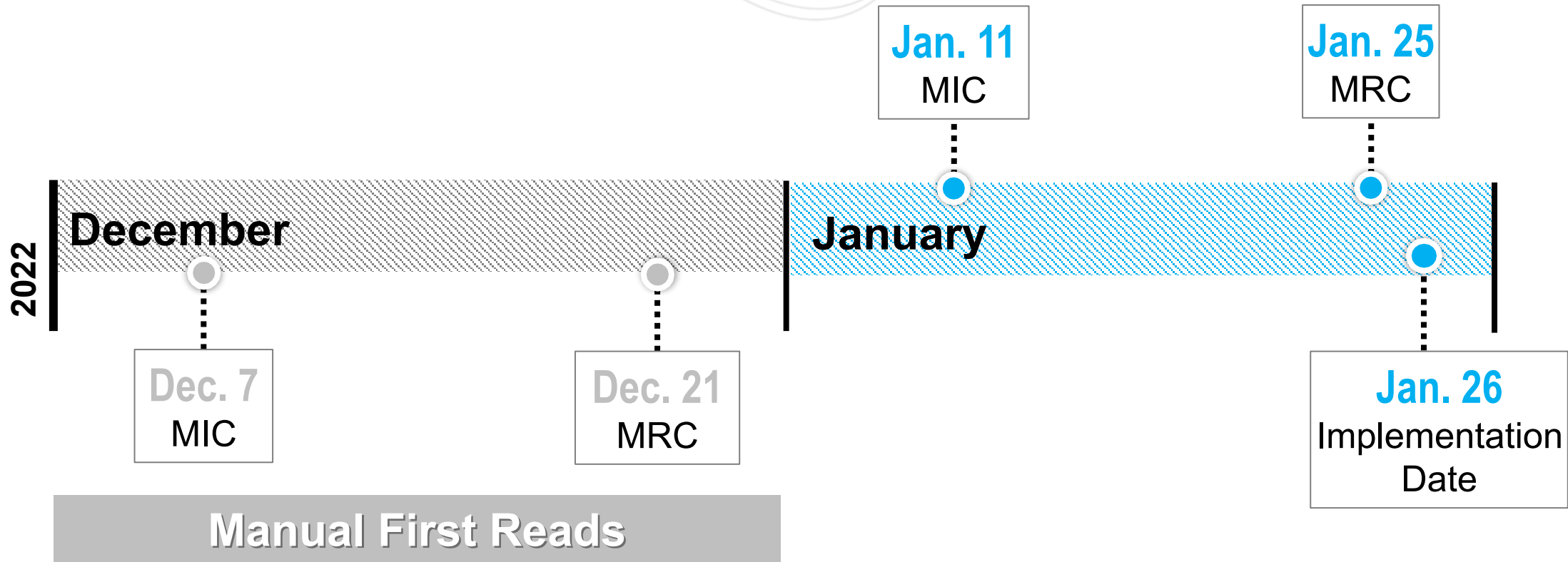
- Effective October 1, 2022 several aspects of the PJM Reserve markets changed due to FERC Order ER19-1486
 - This revision contains conforming corrections and clarifications not reflected in the Manual 28 Reserve Price Formation revisions endorsed by the MRC on September 21, 2022.

- Section 5.2
 - Corrected how the Market Revenue Neutrality Offset is applied to the Balancing Operating Reserve Credit calculations (plus changed to minus)

- Section 6.2 and Section 19.2 (Credits)
 - 6.2.2 and 19.2.2: Corrected the Capped Real-time Reserve Assignment equation to reflect a result that is positive or zero.
 - 6.2.3 and 19.2.3:
 - Day-ahead Opportunity Cost - Clarified that expected energy output or load reduction level is from the dispatch run
 - Real-time Opportunity Cost - Clarified that expected energy output or load reduction level is from the pricing run
 - Clarified the DA and RT Opportunity Cost calculations for Economic Load Response Participants
 - 19.2.3:
 - Clarified the Secondary Reserve DA Opportunity Cost calculation for condensers
 - Clarified that Secondary Reserves DA and RT Opportunity Cost is \$0 for off-line resources

- Section 15.2
 - Clarified how Balancing Clearing Price Credits are calculated when determining the LOC Credit Due to Reduction for each reserve market.
 - The amount reflects the clearing price credits due to a reduction in a real-time assignment as compared to a day-ahead assignment.
 - Floored LOC Credit Due to Reduction equations at zero to prevent a negative result *(added subsequent to first read)*

Second Reads/ Endorsements



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Reserve Price Formation – Manual Changes



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