



# NEWS RELEASE

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## FERC Orders PJM, NYISO to Revise Pricing for Fast-Start Resources

The Federal Energy Regulatory Commission (FERC) today directed PJM Interconnection (PJM) and New York Independent System Operator (NYISO) to implement tariff changes to ensure their pricing practices for fast-start resources are just and reasonable. Today's action concludes the Commission's Federal Power Act section 206 investigations for PJM and NYISO initiated in December 2017.

FERC has pursued reforms related to fast-start pricing as part of its broader price formation initiative. Fast-start resources are typically committed in real-time, very close to the interval when needed, and can respond quickly to unforeseen system needs. But without some form of fast-start pricing, some fast-start resources are ineligible to set prices, often due to inflexible operating limits.

In today's PJM and NYISO orders, the Commission finds that their fast-start pricing practices are unjust and unreasonable because they do not allow prices to reflect the marginal cost of serving load. To address these findings, the Commission directs the grid operators to change their fast-start pricing practices.

Specifically, the Commission is directing NYISO to make the following tariff revisions to its fast-start pricing practices:

- Modify its pricing logic to allow the start-up costs of fast-start resources to be reflected in prices;
- Relax the economic minimum operating limits of all fast-start resources, including dispatchable fast-start resources, by up to 100 percent for the purpose of setting price.

NYISO must make a compliance filing by December 31, 2019, and implement the tariff changes by December 31, 2020.

The Commission is requiring PJM to make the following tariff revisions:

- Implement software changes so that fast-start resources are considered dispatchable from zero to their economic maximum operating limits for the purpose of setting prices;
- Apply fast-start pricing to all fast-start resources;
- Alter its real-time energy market clearing process to consider fast-start resources in a way that is consistent with minimizing production costs;
- Restrict eligibility for fast-start pricing to fast-start resources that have a start-up time (including notification time) of one hour or less and a minimum run time of one hour or less;
- Include commitment costs in energy prices for fast-start resources in both the day-ahead and real-time markets;
- Implement its proposal to use lost opportunity cost payments to offset the incentive for over-generation or price chasing.

PJM must make a compliance filing by July 31, 2019. It also must file a one-time informational report by August 30, 2019, explaining how the proposed tariff provisions do not raise new market power concerns.