

**APPENDIX C TO REPORT OF INVESTIGATION  
BY THE SPECIAL INVESTIGATIVE COMMITTEE OF  
THE PJM BOM**

**TIMELINE**

**ALLEGATION RE GENERATOR’S ABUSE OF MARKET POWER**

(Bowring alleges that the MMU prepared a detailed report demonstrating that an exempt unit exercised market power that resulted in excess payments by market participants during a two week period. He further alleges that the MMU requested that PJM submit a § 205 FERC filing to remove the unit’s exemption from offer capping. He contends that PJM required its VP of Markets and the MMU to meet with the owner before making a submission. After the meeting, the MMU continued to recommend that PJM make such a filing but PJM determined that a filing was not necessary and refused to do a § 205 filing. The MMU then made a referral to FERC.)

(PJM responds that the decision to make a § 205 filing lies with PJM – not the MMU. Hence there was no interference with the MMU when PJM disagreed with Bowring’s conclusion and declined to make the filing. PJM contends it encouraged Bowring to make a referral which Bowring did. No apparent action was ever taken by FERC.)

We are tasked with investigating the factual circumstances surrounding the response of PJM Management to allegations by the MMU that the generator had exercised market power.

<b><u>DATE/TIME</u></b>	<b><u>DESCRIPTION OF EVENT</u></b>
9/14/04	<p>Call to Hot Line re Generator Question</p> <p>Unclear if related but MMU employee indicated in his interview that PJM got a “tip” and started to watch the Generator.</p>
7/15/05	<p>MMU employee e-mail to Bowring that he completed a competitive analysis and confirmed that a local market is not competitive.</p> <p>Bowring responds that under 5/31 Policy Statement, need to discuss preparing a formal referral to FERC and also preparing a § 205 filing to revoke the post 1996 exemption from the units. Also notes that Andy’s [Ott] work on impacts will be part of this.</p>
7/27/05	<p>MMU employee sends draft FERC Referral for Generator to Bowring, Racioppi and other MMU employees. Notes additional detail work needs to be done.</p>
7/29/05	<p>MMU employee sends revised draft FERC Referral to Bowring, Racioppi and other MMU employee providing added detail</p>

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7/31/05	Bowring returns marked up Referral document to MMU employee.
8/1/05	Bowring question to Settlements (Dessender & Weathers) how Operating Agreement Schedule 1, 3.2.3(m) applies in context of Generator issue.
8/2/05	Bowring e-mail to Duane & Morais, (cc: Bresler) attaching draft Referral to FERC. Asks for speedy turn around. Bresler is asked to comment on characterization of Operations' decisions
8/2/05	Response from Duane that he wants to discuss and loop in Spector
8/2/05	<p>Revised version of FERC Referral to Duane &amp; Spector from Bowring . Bowring notes edits based on our discussion.</p> <p>Edits are in the Bidding Behavior section and the conclusion which is changed from PJM intends to make a § 205 filing to PJM may recommend a § 205 filing.</p>
8/2/05	Duane returns FERC Referral with one additional edit
8/2/05	Bowring e-mail to Duane showing modification and asks if any objection to sending to OMOI
8/2/05	<p>Bowring e-mail to Kormos encl. FERC Referral and asking if any concerns about how it characterized system operations actions. Notes he discussed with Duane &amp; Spector.</p> <p>Review of Duane's comments note some concerns with some conclusions.</p>
8/2/05	<p>MMU referral to Robert Pease at FERC</p> <p>Notes MMU has provided OMOI with prior written and oral communications re the matter. <b>{Nothing produced to DM}</b></p> <p>States that it is not the final analysis and MMU will continue to develop the analysis</p>

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8/2/05	<p>Bowring e-mail to Cabinet Team Members &amp; Ott re MMU Referral.</p> <p>Notes that he referenced the Referral at today’s cabinet meeting</p>
10/12/05	<p>MMU employee e-mail to Bowring re update on Generator issue.</p> <p>Notes that for the § 205 submission, based on other FERC precedent, he will seek removal of the Generator’s exemption from offer capping &amp; refund of operating reserve payments</p>
12/2/05	<p>Bowring e-mail to Ott, Kormos, Bresler, Mayes, &amp; Duane (cc: MMU employee, &amp; Spector) attaching MMU’s draft § 205 FERC filing to remove Generator’s exemption from offer capping.</p> <p>Raises procedural issues as to who does filing and whether stakeholder approval is required. Seeks Operations’ comments and review; and raises issue re the calculation of impact on PJM members</p>
12/2/05	<p>Bresler sends minimal comments and asks general question: “If seeking removal of offer-capping exemption in all constrained conditions, does a section need to be added giving explicit reasoning why Generator’s behavior justifies blanket removal of the exemption.”</p>
12/2/05	<p>Bowring e-mail to Zibelman attaching FERC referral.</p> <p>Asks whether there are concerns as to how he procedurally handled it: Bowring claims that he has been telling PJM staff for months that analysis was being done and mentioned filing to CMC at last two meetings</p> <p>Asks whether he should do a summary for the Board and what is the timing of getting Board input.</p>

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12/5/05	<p>Zibelman forwards Bowring 12/2/05 e-mail to Ott with note: "Lets discuss."</p> <p>Ott responds has been discussing with Duane, Craig and W&amp;T. Had planned to cover in staff meeting that week.</p> <p>Zibelman responds she does not want it raised at CMC. Wants Bowring's &amp; Ott's assessment 1st and notes the need to bring Harris into the loop.</p> <p>Ott responds that he will tell Bowring that not doing it at CMC. Proposes an alternative of Duane, Ott, Tom &amp; Bowring going to FERC to discuss with S. Court. Notes the issue focuses on what FERC does vs. what the MMU does.</p> <p>Zibelman responds that PJM needs to get stuff together 1<sup>st</sup> and the issue needs to be looked at because focuses on legal delegation issues. Zibelman asks Ott if he had read S. Kelly article on delegation issue</p>
12/21/05	Bowring Calendar Appt to Zibelman & Ott for Meeting to discuss Generator's issues in Zibelman's office.
1/12/06	Bowring e-mail to Zibelman, (cc: Ott), attaching brief version of longer memo on MMU's analysis of Generator's abuse of market power.
1/12 – 13/06	E-mail chain between Zibelman, Ott & Bowring re need for Ott & Bowring to speak with the Generator before PJM goes to the Board.
1/17/06	E-mail to Bowring from Generator personnel asking for preview of what Bowring & Ott need to talk to Generator about. Asks whether will discuss last warning, future biddings, FERC notification, etc.
2/8/06	<p>Bowring e-mail to MMU employee re need for offer behavior post October for the Generator.</p> <p>MMU employee sends spreadsheet for 9/05 – 11/05.</p>

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2/9/06	Bowring e-mail to Ott re Bowring’s view that need to file with FERC to remove exemption from Generator’s units.  Bowring notes intends to raise it with Board during MMU discussion
2/10/06	Ott forwards Bowring e-mail to Zibelman & Hagele.  Zibelman e-mail to Bowring & Ott (cc: Hagele & Harris) that due to dispute between Ott & Bowring should not go to Board before Harris & Zibelman weigh in.  Bowring responds that he agrees with proposed process. Asks who takes the lead internally
2/16/06	Bowring e-mail to Harris enclosing long and short memos on Generator’s Unit’s issue
2/17/06	Harris e-mail to Ott, Hagele & Zibelman – “Lets Discuss”.
2/21/06	Bowring e-mail to Hagele seeking update on status of Section 205 Filing.  Hagele responds nothing further since Friday.
2/22/06	Bowring e-mail to MMU employee asking for the Generator’s unit behavior over the past month.  MMU employee responds with spreadsheet . No change in offer behavior for unit 1. Change for unit 2
3/23/06	Mayes e-mail to Bowring that he is considering asking Duane to put a notice in his legal report to Board that MMU has documented alleged exercise of market power but the analysis has created controversy among PJM staff and that consistent with Board’s oversight of MMU function, a decision is needed whether to submit a § 205 FERC filing.  Bowring replies asking Mayes to call
4/12/06	E-mail chain between Bowring, MMU employee & Racioppi that based on some daily monitoring, need to update the Generator’s analysis

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8/3/06	Bowring e-mail to the Generator's Personnel re need for ID of person at the Generator to discuss unit offers
8/3/06	Racioppi e-mail to Bowring with comments on the Generator's bid behavior
8/4/06	Bowring e-mail to the Generator's personnel re need to speak about recent offer behavior
8/7/06	Calendar Appt for Bowring call with Racioppi to discuss Generator's behavior
8/8/06	E-mail chain between Bowring & Racioppi re the Generator's issues
8/10/06	E-mail chain between Racioppi & Bowring trying to arrange call with the Generator's personnel. The Generator's personnel wanted Bowring available for call to avoid "he said she said" situation.
9/14/06	Bowring to MMU employee e-mail notes goal is to send Referral to FERC in 10 days. Bowring asks for additional material to address current situation
9/29/06	Bresler e-mail to Bowring forwarding e-mail which shows the Generator's Unit has imposed maximum run time constraints.
10/11/06	Haymes (FERC) e-mail to Bowring (cc: E. Grace) seeking the Generator's data for June & July 2005 on price increments for clearing price.  MMU employee e-mail to Bowring reminding him need to reiterate fact that the Generator's units are exempt & not subject to offer mitigation
11/1/06	MMU employee e-mail to Bowring & other MMU employee attaching updated referral. Includes analysis of conduct surrounding outage and update on high offer and self-scheduling behavior.
11/3/06	Bowring e-mail to MMU employee re Referral. Notes document is looking good – evidence is overwhelming. Includes edits and comments

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11/29/06	MMU employee e-mail to Bowring & other MMU employee re updated Referral with data as pertains to outage.
12/13/06	MMU employee e-mail to Bowring attaching FERC referral. (cc MMU employee) Includes data through 10/06. Filing still has draft on it so not sure when filing was done.
2/25/07	Generator's Personnel's e-mail to Bowring attaching time related parameters for the Unit
3/1/07	<p>MMU employee e-mail to Bowring re 2006 SOM changes.</p> <p>MMU employee notes that he likes caveat in the Introduction that rules do not apply to exempt units and that such rules did not prevent the exercise of market power. Notes that he suspects the statement will "raise a few eyebrows upstairs but as evidenced by [the Generator for whom Referral was made] for one it is true"</p>
3/8/07	e-mail chain between Bowring and MMU employee about a unit always making itself daily unavailable and noting that it is the Generator for whom referral was made. Notes there is "no reason their offers are so high, except for the obvious reasons."