






MIC Special Sessions: Fuel Cost Policy

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Market Implementation Committee
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Action Required	Deadline	Who May Be Affected
<p>Communicate proposed changes to the Fuel Cost Policy process and penalty calculations</p> 	<p>8/7/2019</p> 	<p>Market Sellers</p> 

- All Market Sellers are required to have a PJM-approved Fuel Cost Policy (FCP) for each fuel type
- Annually, Market Sellers are required to either submit to PJM and the IMM an updated FCP that complies with OA Schedule 2 or confirm that their currently approved FCP remains compliant
- Based on two years of experience with the FCP process, there are opportunities for potential improvements to the rules and process governing FCPs.

		Oct-Dec	Jan-Mar	Apr-June	Jul-Sep	
Key Work Activities	<input checked="" type="checkbox"/> KW #1 Education on the current Fuel Cost Policy rules					FCP due for annual review 6/15
	<input checked="" type="checkbox"/> KW #2 Education on cost-based offer development					
	<input checked="" type="checkbox"/> KW #3 Explore potential enhancements to Fuel Cost Policy rules. Initial review suggests the following categories for enhancements to PJM’s fuel cost policies					
	KW #4 Explore potential alternatives to PJM’s current Fuel Cost Policy rules and cost-based offer rules. Initial review suggests that the mitigated offer or cost-based offer formation paradigms of neighboring ISOs/RTOs should be reviewed as candidates for adoption in PJM					

- ❑ KW#3: Explore potential enhancements to Fuel Cost Policy rules. Initial review suggests the following categories for enhancements to PJM's fuel cost policies:
 - ❑ Requirement for zero marginal cost offer units (e.g., wind and solar) to have Fuel Cost Policies;
 - ❑ Requirement for self-scheduled units to have Fuel Cost Policies;
 - ❑ Need for Market Sellers, on an annual basis, to confirm that their annual Fuel Cost Policy remains compliant;
 - ❑ Lack of a penalty exemption and/or safe harbor for minor violations in a Market Sellers' Fuel Cost Policy, and/or lack of appropriate crediting mechanism for a market-seller's self-report of a potential Fuel Cost Policy violation.

- Special MIC sessions began in November 2018
 - 10 total meetings
- KW# 3 addressed by 3 proposals that will be presented for consideration
 - IMM
 - PJM
 - Joint stakeholder proposal
- KW #4 work to continue through MIC Special Sessions in parallel

- Outside of Annual Review Process
- Outside Annual/Ongoing Review Approval Effective Date
- Standard of Review
- Platform
- Markets Gateway Data Validation(possible Phase II)
- Deadlines for FCP approvals for unit transfers and agent changes
- Establishing Expiration Dates
- Market Seller Identified Penalty – Definition/Process
- IMM Review deadlines
- Units that require FCPs

Status Quo

- Annual Review
- Outside Annual/Ongoing Review Approval Expiration Date
- Market Seller deadlines
- PJM Review Deadlines
- Process for FCP approvals for unit transfers and agent changes
- Revocation Rights
- Penalty calculations

	MIC	MRC	MC
First Read	7.10.2019	7.25.2019	
Endorsement	8.7.2019	8.22.2019	8.22.2019 *

* **Note:** Manual 15 – Cost Development requires Members Committee endorsement and Board of Managers approval in accordance with Operating Agreement Schedule 2