



MIC Special Sessions: Fuel Cost Policy PJM Proposal

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- PJM proposal is same as IMM, except for the following components:
 - Fuel Cost Policy (FCP) Annual Review
 - FCP Review- PJM deadline
 - Penalty calculation
 - Aggregate Market Power test
 - PJM's ability to penalize for OA Schedule 2 violations without agreement from IMM

- Annual Review remains in place
 - Ensures policies are being reviewed by the Market Seller, which prevents them from becoming stale
 - Eliminating Annual Review requires each policy to have its own expiration date
 - Companies with multiple policies that have different expiration dates could be a compliance risk
 - Eliminating Annual review does not change the fact that PJM & IMM have the ability to review policies and request changes at any time
 - Proposed change to Annual Review:
 - PJM/IMM status for approved policies will roll over another year when Market Seller “checks the box”, acknowledging policy remains compliant

- PJM will have 20 business days to review FCP, extended by 5 business days after Market Seller revision.
 - 10 business days may not be sufficient depending on timing and volume of submissions
 - Applies to policies submitted “Outside the annual review”

- PJM proposal adopts IMM penalty calculation with the exception of:
 - Aggregate market power test
 - Out of scope for this special session
 - Should be separate stakeholder process to adopt a new market power test
 - PJM's ability to penalize without agreement from IMM for OA Schedule 2 violations
 - Status quo