

Offer Cap Review

Includes Problem/Opportunity Statement

Issue Source

The Offer Cap Review issue is being brought forward by PJM. The purpose is to work with stakeholders to develop a permanent solution, if necessary, related to the temporary waivers associated with FERC dockets ER14-1144 and ER14-1145.

Stakeholder Group Assignment

The topic should be referred to the Market Implementation Committee (MIC) for development of an appropriate solution.

Key Work Activities

The MIC should complete the following activities:

- Provide education regarding (i) the history of offer caps for cost-based and price-based offers, and (ii) an understanding of gas price escalations and their likely recurrence.
- Consider a potential change or elimination, if it is determined to be necessary on an ongoing basis, of offer caps for cost-based offers in the PJM energy markets.
- Consider a potential change of offer caps, if it is determined to be necessary on an ongoing basis, for price-based offers in the PJM energy markets.
- Recommend changes, if any, to governing documents and manuals to effectuate the offer cap changes.

Expected Deliverables

The MIC should provide back to the MRC any potential changes to governing documents and manuals that would be necessary to revise offer caps for cost-based and for price-based offers.

Expected Overall Duration of Work

The expected overall duration of the work is three-eight months.

Decision-Making Method

The decision making method for the issue should be Tier 1, consensus (unanimity) on a single proposal (preferred default option), or Tier 2, multiple alternatives.