



FERC Order No. 831 - Verification of Offers Greater than \$1,000/MWh

Requirements for Submitting Offers greater than \$1,000/MWh:

1. All resource cost data must be entered in the Cost Offer Assumption (COA) module of [MIRA \(COA User Guide\)](#).
2. Ensure you have Generation Read/Write access to the Production environment of Markets Gateway. For problems with your Markets Gateway Production account, please contact your company's CAM.
3. As part of the exception request process, ensure you are able to access the [Offer Verification SharePoint site](#) using your Markets Gateway credentials. SharePoint access is associated with the CAM user account. All communication will be linked to the CAM account email address.
4. The cost schedule IDs must be available in Markets Gateway and match the Schedule IDs used when submitting the associated COA data. If the schedule IDs do not match, PJM will not be able to verify your offer.

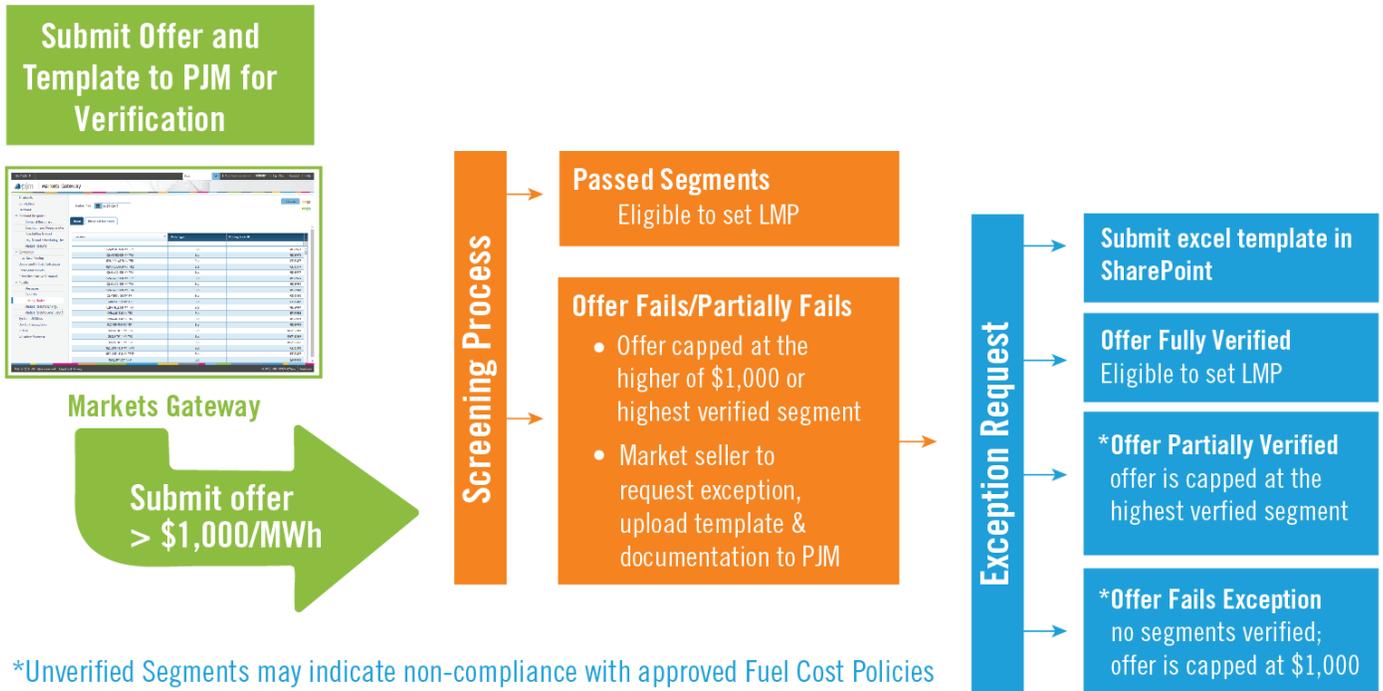
Additional Requirements for Submitting Price-based Offers greater than \$1,000/MWh:

Price-based offers may not exceed \$1,000/MWh unless a cost-based offer is verified above \$1,000/MWh, at which time the price-based offer is capped at the lesser of the cost based incremental energy offer or \$2,000/MWh. In order to specify a price-based offer above \$1,000/MWh, the following criteria must be satisfied in Markets Gateway for each hour in which offers greater than \$1,000/MW are submitted:

1. A reference cost-based schedule to compare the market-based schedule must be specified in the "Reference Schedule" column of the Schedule > Detail Updates screen. Schedule IDs for all cost-based schedules for a particular unit are listed in the drop down. Choose the Schedule ID of the cost-schedule that should be referenced when comparing the offers. The reference schedule should be the same Fuel Type as the price-schedule.
2. The price-based schedule and the reference cost-based schedule must have the same offer slope selection and identical MW break points on their incremental energy offers.
 - a. Note: all MW blocks must match for the entire offer curve, not just those segments offered above \$1,000/MWh. Offer Slope selection and MW breakpoints cannot be updated intraday.
3. The startup and no-load fees on the price-based offer must be less than or equal to those on the reference cost-based offer. This includes hot, inter, and cold startup costs on an hourly level (or daily if hourly is not specified).
 - a. Note: Units that elect to use Price-based Startup and No-load cannot update values for the current period. In cases where the current period's price-based values exceed the reference cost-based schedule's cost-based startup and no-load, the price-based schedule will not meet the requirement for item 3 above, and instead may elect to utilize the "Switch to Cost" functionality or be capped at \$1,000/MWh.

- The incremental energy offer price for each segment on the price-based schedule above \$1,000 must be less than or equal to the incremental energy offer price of the corresponding segment on the reference cost-based offer. Price-based offer segments less than \$1,000/MWh do not need to be less than or equal to the corresponding segment on the reference cost-based offer.

If you have any questions please contact EnergyOfferVerification@pjm.com



Automated Cost-based Offer Screening in Markets Gateway:

1. Offer Submission: Cost-based offers greater than \$1,000/MWh may be submitted directly into Markets Gateway on the Offer Updates page (hourly basis). Offers greater than \$1,000/MWh are not accepted on the Offers screen (daily basis). Any segments greater than \$1,000/MWh will be screened for reasonability according to the *unit parameters* submitted in COA and current fuel prices. Only offers submitted for the current or next operating day are automatically screened. Any offers greater than \$1,000/MWh submitted for two or more operating days in advance must be resubmitted the day prior to the operating day to trigger the automated screening process.
2. Screen Results: The automated screen runs when cost-based offers over \$1,000/MWh are submitted to Markets Gateway. If any segments above \$1,000/MWh fail the automated screen, a Capped Price will be displayed on the Offer Updates screen. Market Participants that use XML can retrieve the Capped Price by executing the “QueryScheduleOfferPriceCaps” Query.
 - a. Segment(s) that pass the automated screen will be used for pricing and dispatch.
 - b. Any segments that do not pass the automated screen are capped at the displayed Capped Price for dispatch and pricing purposes. Segments that do not pass the automated screen can submit an exception request as described below.

Automated Validation of Price-based Offers greater than \$1,000/MW in Markets Gateway:

1. Offer Submission: Upon submission of Price-based offers greater than \$1,000/MWh on the Offer Updates screen, Markets Gateway performs a series of validations to ensure the requirements specified in the “Additional Requirements for Submitting Price-based Offers greater than \$1,000/MWh” are met. The offer is rejected and an error returned if:
 - a. A reference Schedule is not specified for the given hour.
 - b. The price-based schedule’s hot/cold/inter startup or no-load values exceed the cost-based schedule’s values.
 - c. The MW blocks or bid slope selection on the price-based schedule do not match the Reference cost-based schedule.
 - d. The reference cost-based offer does not exceed \$1,000/MWh.
2. Validation Results: The automated validation runs when a price-based offer greater than \$1,000/MW is submitted to Markets Gateway or when updates are made to the reference cost-based schedule, the reference cost-based schedule’s attributes (startup and no-load costs, incremental energy curve, MW break points, bid slope election), or the price-based schedule’s attributes (startup and no-load, incremental energy curve, MW break points, bid slope election). If any segments greater than \$1,000/MW fail the requirements, a Capped Price is displayed on the Offer Detail screen. Segments are validated in order; if one segment of a multi-segmented price-based offer above \$1,000/MW exceeds the respective segment price of the reference cost-based offer, subsequent segments are also capped.
 - a. If a price-based segment above \$1,000/MW exceeds the offer price on the corresponding segment on the reference cost-based offer, the Capped Price is set to the verified cost-based offer price.
 - b. Updates made to the reference schedule or any price-based or cost-based attributes except the incremental energy curve (i.e. bid slope election, MW break points, startup/no-load), result in price-based segments above \$1,000 being capped at \$1,000/MW.

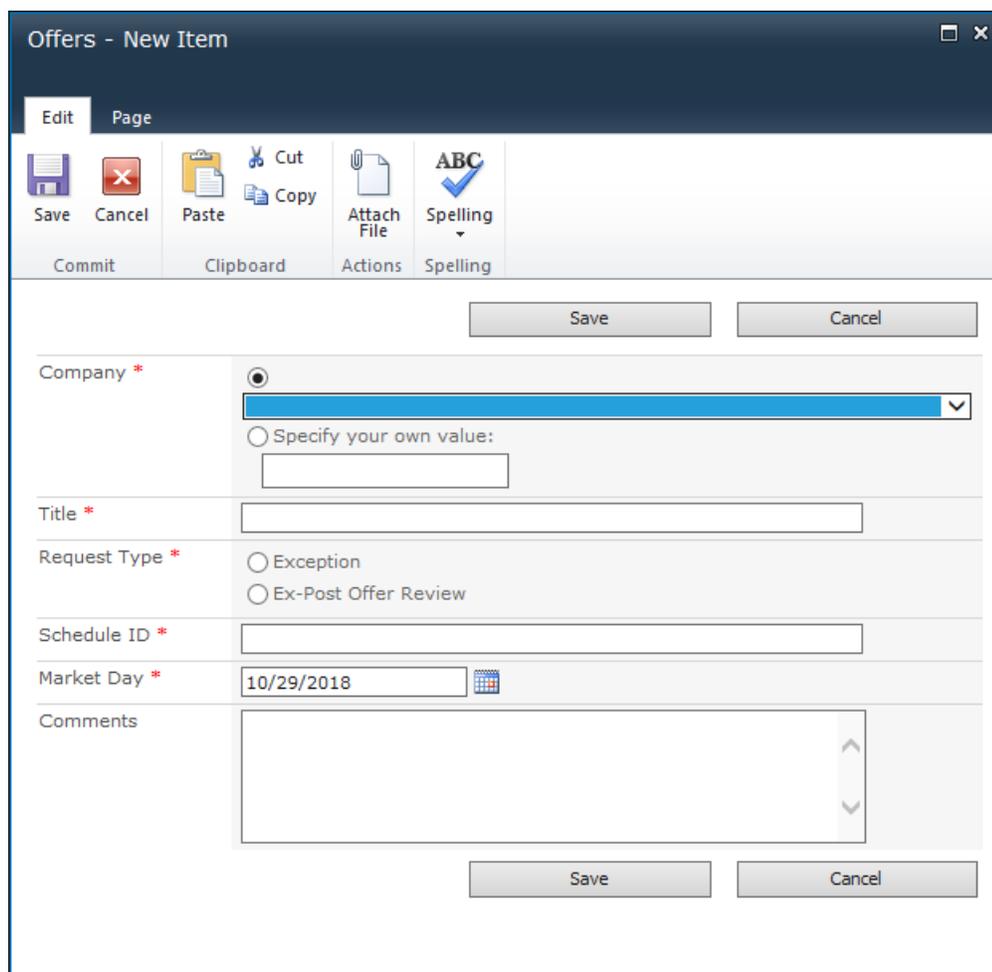
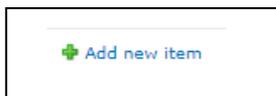
Exception Request:

For segments that did not pass the automated screen, Market Sellers may submit an exception request outside of Markets Gateway by submitting a template in SharePoint that specifies all applicable schedules (Cost, Price, Price PLS), and documentation to support the commodity cost used in creating the cost-based offer. No action is needed in Markets Gateway at this time.

1. Submit Exception Request Template:

- Complete all parts including Section 3 in the [excel template](#): Exception Request – Commodity Pricing and attach the file under a new exception request.
- Navigate to the [Offer Verification SharePoint](#) site. Scroll to the bottom of the page and Click 'Add new item', complete the fields in the Dialogue box as a new Exception request, and attach the completed template and fuel cost documentation as part of your submission.

*Note that exception submissions in SharePoint can only be seen by the CAM account who submits the request.

A screenshot of a SharePoint "Offers - New Item" form. The form has a ribbon with "Edit" and "Page" tabs. The ribbon includes "Save", "Cancel", "Paste", "Copy", "Attach File", and "Spelling" buttons. Below the ribbon are "Commit" and "Clipboard" labels. The form fields include: "Company" with a radio button and a dropdown menu; "Specify your own value:" with a text input; "Title" with a text input; "Request Type" with radio buttons for "Exception" and "Ex-Post Offer Review"; "Schedule ID" with a text input; "Market Day" with a date picker showing "10/29/2018"; and "Comments" with a large text area. There are "Save" and "Cancel" buttons at the top and bottom of the form.

- PJM Review: Once PJM has received the exception request submitted in SharePoint, it will be marked with the status 'Under Review' and the Market Seller will receive an acknowledgement of submission. PJM will review the exception request using the

actual commodity price included in the excel template and any supporting documentation submitted with the request. PJM will also verify that the offer is in accordance with the unit's approved Fuel Cost Policy.

- a. If additional information is needed, the Market Seller will be notified via SharePoint.
 - b. Documentation for actual or estimated fuel pricing must be maintained to verify the development of cost-based offers, and to validate cost-based offers. Documentation may include but is not limited to invoices, contracts, screenshots, instant messages, text messages, emails or recorded phone calls. This information must be retained for two years, and may be requested by PJM or the IMM to verify the offer.
 - c. If the results of the Exception Process yield an updated acceptable offer price, PJM will update the Capped Price in Markets Gateway accordingly.
3. **Notification of Results:** PJM will send the SharePoint submitter an email notification of the exception request results. Determination details will be provided in an updated excel file that will be uploaded to SharePoint and will indicate which offer segments have passed or failed the screen. The exception process will return one of three results to the SharePoint submitter:

Offer Approved

Your cost-based energy offer has been approved for all segments and the Markets Gateway offer has been updated accordingly. No additional action is required.

If you have any questions or concerns, please contact EnergyOfferVerification@pjm.com.

Offer Partially Failed

Some of the segments submitted in your cost-based energy offer have been verified in the exception process. The segments that were verified have been updated in Markets Gateway to reflect the verified cost offer; the segments that failed will be capped at the highest verified segment.

If you have any questions or concerns, please contact EnergyOfferVerification@pjm.com.

Offer Failed

None of the segments submitted in your cost-based energy offer have been verified in the exception process. Your offer in Markets Gateway will be set to the highest verified segment, or \$1,000/MWh.

If you have any questions or concerns, please contact EnergyOfferVerification@pjm.com.

4. If the SharePoint submitter receives an:
- a. *Offer Approved* or *Offer Partially Failed* notification, the Capped Price is updated in Markets Gateway to reflect the verified offer price as a result of the Exception Process. Market Sellers do not need to resubmit their original offer. Any segments that were submitted equal to or less than the updated Capped Price will be used for pricing for any future operating hours. The Market Seller should not go back into Markets Gateway and update the offer; any updates will override the Capped Price derived via the Exception process.
 - b. *Offer Failed* notification, the Capped Price resulting from the Automated Offer Screen will be used to cap the submitted offer for pricing and dispatch purposes.

Reference Links

Contact the Team - EnergyOfferVerification@pjm.com

Education Materials - [Offer Verification Education: October 2018](#)

Energy Offer Verification page - <http://www.pjm.com/markets-and-operations/energy/energy-offer-verification.aspx>

Fuel Cost Policy page - <http://www.pjm.com/markets-and-operations/energy/fuel-cost-policies.aspx>

MIRA page - <https://mira.monitoringanalytics.com/mira/pages/secure/dashboard.jsf>

SharePoint site* - <https://connect.pjm.com/OfferVerification/default.aspx>

* Please use Internet Explorer to access SharePoint