

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

| | | |
|--|---|-------------------------------|
| Independent Market Monitor for PJM |) | |
| |) | Docket No. EL19-47-000 |
| v. |) | |
| PJM Interconnection, L.L.C. |) | |
| |) | |
| |) | |
| Office of the People’s Counsel for District of |) | Docket No. EL19-63-000 |
| Columbia, Delaware Division of the Public |) | |
| Advocate, Citizens Utility Board, Indiana |) | |
| Office of Utility Consumer Counselor, |) | |
| Maryland Office of People’s Counsel, |) | |
| Pennsylvania Office of Consumer Advocate, |) | |
| West Virginia Consumer Advocate Division, |) | |
| PJM Industrial Customer Coalition |) | |
| |) | |
| v. |) | |
| PJM Interconnection, L.L.C. |) | |
| |) | |
| |) | |
| PJM Interconnection, L.L.C. |) | Docket No. ER21-2444-000 |
| |) | |
| |) | |
| PJM Interconnection, L.L.C. |) | Docket No. ER21-2877-000 (not |
| |) | consolidated) |
| |) | |
| |) | |

**MOTION FOR CLARIFICATION,
OR IN THE ALTERNATIVE, MOTION FOR WAIVER
OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rule 212 of the Commission’s Rules and Regulations,¹ Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM² (“Market Monitor”), respectfully moves for clarification regarding the ability of the Market Monitor to correct market seller offer caps (“MSOC”) after the deadline for posting MSOCs. The applicable deadlines were established by a waiver granted in an order issued October 25, 2021 (“October 25th Order”).³ The October 25th Order followed issuance of an order September 2, 2021 (“September 2nd Order”), establishing a replacement MSOC in the PJM Capacity Market.⁴

The indicated deadlines for the Market Monitor and market sellers were met, but the Market Monitor subsequently determined that the net revenues were not tariff compliant. As a result, the Market Monitor recalculated the MSOCs that had been posted by the Market Monitor on October 29, 2021. In some cases the recalculated MSOCs were lower and in other cases the recalculated MSOCs were higher.

The Market Monitor posted recalculated MSOCs on November 12, 2021, for all dispatchable units. The changes to the Market Monitor’s calculation of MSOCs were based on changes to the calculation of projected net energy & ancillary (“E&AS”) revenues and were not the result of changes to gross avoidable cost rate (“ACR”) values.

PJM’s deadline to make determinations on tariff compliance is November 25, 2021.

¹ 18 CFR § 385.212 (2021).

² Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”).

³ See PJM Interconnection, L.L.C., 177 FERC ¶ 61,050.

⁴ See Independent Market Monitor for PJM v. PJM Interconnection, L.L.C., et al., 176 FERC ¶ 61,137.

PJM has informed market sellers through individual emails and through posted slides that PJM will not review any MSOC values calculated by the Market Monitor after October 31, 2021, or any participant notifications of MSOC values submitted after November 5, 2021.⁵

This PJM approach is not reasonable, would put deadline enforcement over substantive tariff compliance, fails to account for the most current and accurate MSOC values, and would therefore not result in just and reasonable prices in the 2023/2034 Base Residual Auction (“BRA”), scheduled to open on January 25, 2022.

The Market Monitor seeks clarification that market sellers that chose the default ACR option should be required to use the recalculated MSOC values posted by the Market Monitor on November 12, 2021. The Market Monitor seeks clarification that market sellers that chose the unit specific ACR option should be allowed to choose between the recalculated MSOC values posted by the Market Monitor on November 12, 2021, and their own tariff compliant calculated MSOC value. The Market Monitor also seeks clarification that PJM should perform its compliance review using the Market Monitor’s most current MSOC values and market sellers’ most current MSOC values.

The Market Monitor’s November 12, 2021, values are tariff compliant. The Market Monitor’s October 31, 2021, values are not tariff compliant for the reasons stated in this filing.

In the alternative, to whatever extent it is necessary, the Market Monitor seeks waiver of the applicable deadlines, to allow the identified changes to the MSOC values and to allow market participants and PJM to meet their tariff defined obligations.

⁵ See “Unit Specific Market Seller Offer Cap Process for 2023/24 BRA,” PJM presentation (November 16, 2021) <https://www.pjm.com/-/media/markets-ops/rpm/rpm-auction-info/2023-2024/2023-2024-msoc-unit-specific-exception-process.ashx>.

I. BACKGROUND

Table 1 History of deadlines and postings

| Activity | Dates |
|--|-------------------|
| Last day for Capacity Market Sellers to request unit specific Market Seller Offer Caps | October 1, 2021 |
| Last day for MMU to post projected net E&AS revenues | October 31, 2021 |
| Last day for MMU to notify Capacity Market Sellers and PJM of its determinations on Market Seller Offer Caps | October 31, 2021 |
| Last day for a Capacity Market Seller to notify the MMU and PJM whether it agrees with the MMU's determination on the level of Market Seller Offer Cap | November 5, 2021 |
| Last day for PJM to notify Capacity Market Sellers and the MMU of its determinations on Market Seller Offer Caps | November 25, 2021 |

| Activity | Dates |
|---|-------------------|
| MMU posted initial projected net E&AS revenues | June 28, 2021 |
| MMU posted revised projected net E&AS revenues | October 23, 2021 |
| MMU posted its determinations on Market Seller Offer Caps | October 29, 2021 |
| MMU posted revised projected net E&AS revenues and Market Seller Offer Caps | November 12, 2021 |

On June 28, 2021, the Market Monitor posted initial projected net revenues.⁶ On October 23, 2021, the Market Monitor notified market sellers and posted revised net

⁶ See Market Message to Capacity Market Participants re Data Submission Window Opening for the 2023/2024 RPM Base Residual Auction (June 28, 2021), included as Attachment A. This was prior to the September 2nd Order modifying the definition of the MSOC and prior to October 25th Order accepting PJM's proposed delay of the auction and waiver of the MSOC deadlines.

revenues to incorporate the 10 percent adder for combustion turbines, and also modified other assumptions based on a review of the inputs used in the optimization model for dispatchable units.⁷ On October 29, 2021, the Market Monitor posted its determinations on MSOCs.⁸ On November 5, 2021, the Market Monitor notified market sellers that it would be revising net revenues based on PJM's interpretation of the OATT definition of Projected EAS Dispatch.⁹ On November 12, 2021, the Market Monitor notified market sellers and posted revised net revenues based on PJM's interpretation of Projected EAS Dispatch and updated inputs consistent with the OATT requirements.¹⁰ On November 12, 2021, the Market Monitor also posted alternative net revenues that reflect more realistic assumptions about plant operations than allowed by the tariff provisions governing the MMU calculations, but that are consistent with the alternative net revenue calculation method defined in the tariff allowed for use by market sellers seeking unit specific MSOCs.¹¹ The Market Monitor also posted these alternative net revenue calculations and MSOCs including the potential impact of RGGI allowance costs on emitting units in Pennsylvania in order to permit market participants to submit those MSOCs at their discretion.¹²

⁷ See Market Message to Capacity Market Participants re Unit Specific Net Revenue Calculation (Dispatchable Units) (October 23, 2021), included as Attachment B.

⁸ See Market Message to Capacity Market Participants re IMM Determinations Posted for the PJM 2023/2024 RPM Base Residual Auction (October 30, 2021), included as Attachment C.

⁹ See Market Message to Capacity Market Participants re Unit Specific Net Revenue Calculation (Dispatchable Units) (November 5, 2021), include as Attachment D.

¹⁰ See Market Message to Capacity Market Participants re Unit Specific Net Revenue Calculation (Dispatchable Units) (November 12, 2021), included as Attachment E.

¹¹ OATT Attachment DD Section 6.8(d-1).

¹² See Motion for Clarification of the Independent Market Monitor for PJM, Docket No. EL19-47 et al. (October 12, 2021).

II. MOTION FOR CLARIFICATION

The October 25th Order provides deadlines for market sellers, the Market Monitor and PJM in the MSOC review process. These deadlines were modified from those set forth in the tariff in order to ensure the orderly administration of the first auction under the replacement MSOC rules.

The indicated deadlines for the Market Monitor and market sellers were met, but the Market Monitor subsequently determined that the net revenues were not tariff compliant, based principally on PJM's opinion about how to interpret the tariff. As a result, the Market Monitor recalculated the MSOCs that had been posted by the Market Monitor on October 29, 2021. In some cases the recalculated MSOCs were lower and in other cases the recalculated MSOCs were higher.

The deadline for market sellers to notify the Market Monitor and PJM of disagreements with the Market Monitor's posted values was November 5, 2021.

The Market Monitor seeks clarification that market sellers that chose the default ACR option should be required to use the recalculated MSOC values posted by the Market Monitor on November 12, 2021. The Market Monitor seeks clarification that market sellers that chose the unit specific ACR option should be allowed to choose between the recalculated MSOC values posted by the Market Monitor on November 12, 2021, and their own tariff compliant calculated MSOC value. The Market Monitor also seeks clarification that PJM should perform its compliance review using the Market Monitor's most current MSOC values and market sellers' most current MSOC values.

III. MOTION FOR WAIVER

In the event that the Commission believes that a waiver is required, the Market Monitor requests a waiver of four deadlines. The Market Monitor requests a waiver of the October 31, 2021, Market Monitor's deadline for posting net revenues, to November 12, 2021. The Market Monitor requests a waiver of the October 31, 2021, Market Monitor's deadline for posting MSOC values, to November 12, 2021. The Market Monitor requests a

waiver of the market sellers' deadline for responding to the Market Monitor to one week after a Commission order granting a waiver. The Market Monitor requests a waiver of PJM's deadline to 20 days after the market sellers' deadline. The market sellers' and the PJM deadlines would maintain the current time period after the Market Monitor's deadline.

The purpose of the deadlines is not to require the use of MSOC values that are not compliant with the tariff, when errors are identified in the MSOC calculation.

The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.¹³ In this case, the request seeks the waiver of rules established by a prior grant of a waiver because such waiver "will allow the 2023/2024 BRA to proceed in an orderly fashion under the new offer cap rules."¹⁴ Granting the waiver requested here will also allow the 2023/2024 BRA to proceed in an orderly fashion. Granting the requested waiver will ensure that the auction results in just and reasonable rates.

The Market Monitor requests this waiver in good faith. The Market Monitor has consistently and publicly informed market sellers and PJM of the Market Monitor's approach, of identified issues and of changed results. The Market Monitor seeks to ensure that offers are calculated as accurately as possible, without disrupting any PJM capacity auction processes. Granting a waiver will help to establish competitive prices in the 2023/2024 BRA, and thereby ensure just and reasonable rates.

¹³ See, e.g., October 25th Order at P 23, citing, *Citizens Sunrise Transmission, LLC*, 171 FERC ¶ 61,106, at P 10 (2020); *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 13 (2016).

¹⁴ *Id.*

The requested waiver is of limited scope. The requested waiver is limited to deadlines for the 2023/2024 BRA. These deadlines were themselves established by waiver of limited scope.¹⁵

The requested waiver addresses a concrete problem. Specifically, without the requested waiver, the offer levels will not be accurate and will not be competitive offers. Ensuring accurate and competitive offers is the purpose of the MSOC review process.

In addition, if the waiver is not granted, it is likely that multiple market sellers will file individual waiver requests. That would be a time consuming and inefficient process. It is also likely that sellers who are better off under the recalculated MSOCs will request waivers and that sellers who are better off under the prior, incorrect MSOCs will want to retain those. That outcome would be discriminatory and lead to an inefficient market outcome.

Granting the waiver will not have undesirable consequences, such as harm to third parties. No party is harmed by an accurate calculation of the MSOC. No party has a right to an incorrectly calculated MSOC. The public interest requires an accurate calculation of the MSOC.

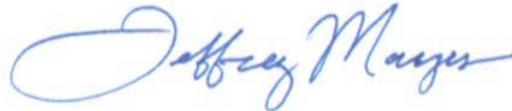
Accordingly, the Market Monitor requests waiver of the identified deadline established by the waiver granted in the October 25th Order, in order to allow the calculation of accurate and competitive MSOCs.

¹⁵ *Id.* at P 24.

IV. CONCLUSION

Accordingly, the Market Monitor respectfully requests that the Commission grant this motion for clarification, or, in the alternative, motion for a waiver.

Respectfully submitted,



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Dated: November 18, 2021

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Eagleville, Pennsylvania,
this 18th day of November, 2021.



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Attachment A



DATE: June 28, 2021
TO: Capacity Market Participants
FROM: The Independent Market Monitor for PJM
SUBJECT: Data Submission Window Opening for the 2023/2024 RPM Base Residual Auction

The following message contains important information about the upcoming PJM 2023/2024 RPM Base Residual Auction.

RPM/ACR Module

As of Monday, June 28, 2021, the RPM/ACR system is open for entering data for the PJM 2023/2024 RPM Base Residual Auction. The RPM/ACR system will remain open for entering data for purposes of calculating offer caps through Tuesday, August 3, 2021.

Guidance on using the RPM/ACR system is available on the Monitoring Analytics website: [http://www.monitoringanalytics.com/tools/docs/RPMACR in MIRA User Guide 20171211.pdf](http://www.monitoringanalytics.com/tools/docs/RPMACR%20in%20MIRA%20User%20Guide%2020171211.pdf)

Net CONE Times B Offer Cap for Capacity Performance (CP) Resources

Capacity Market Sellers should notify the IMM of their intent to use the Net CONE times B offer caps for the 2023/2024 RPM Base Residual Auction no later than Tuesday, August 3, 2021. For instructions, please refer to section 4.3 of the RPM/ACR In MIRA User Guide: [http://www.monitoringanalytics.com/tools/docs/RPMACR in MIRA User Guide 20171211.pdf](http://www.monitoringanalytics.com/tools/docs/RPMACR%20in%20MIRA%20User%20Guide%2020171211.pdf)

RPM Requests Module

As of Monday, June 28, 2021, the RPM Requests module is open for submitting RPM request data and documentation and RPM offer cap documentation for the PJM 2023/2024 RPM Base Residual Auction. The RPM Requests module will remain open for submitting requests and documentation through the tariff defined deadlines for each request type. The RPM requests submitted in the RPM Requests module include preliminary and final RPM must offer requirement exception requests, CP must offer requirement exception requests, alternate maximum EFORD requests, Minimum Offer Price Rule (MOPR) unit and resource specific exception requests, MOPR default requests, and MOPR competitive exemption requests.

For MOPR Unit Specific Exception Request for Certain New Generation Capacity Resources that are not Capacity Resources with State Subsidy as defined in PJM OATT Attachment DD § 5.14(h)(5) and MOPR Resource Specific Exception Request for a New Entry Capacity Resource with State Subsidy as defined in PJM OATT Attachment DD § 5.14(h-1)(3)(B), the

MIRA RPM request type of “MOPR Unit Specific – New” should be used. For MOPR Resource Specific Exception Request for a Cleared Capacity Resource with a State Subsidy as defined in PJM OATT Attachment DD § 5.14(h-1)(3)(C), the MIRA RPM request type of “MOPR Unit Specific – Existing” should be used.

For details and instructions, please refer to the RPM Requests User Guide: [http://www.monitoringanalytics.com/tools/docs/IMM RPM Requests Module User Guide 20201215.pdf](http://www.monitoringanalytics.com/tools/docs/IMM_RPM_Requests_Module_User_Guide_20201215.pdf)

Templates

RPM/ACR Template

The RPM/ACR Template, Version 14.1, is available for Capacity Market Sellers to use to support unit specific offer cap requests and MOPR resource specific exception requests for cleared capacity resources with state subsidy: [http://www.monitoringanalytics.com/tools/docs/IMM RPM ACR Template v14.1 20201215.xlsx](http://www.monitoringanalytics.com/tools/docs/IMM_RPM_ACR_Template_v14.1_20201215.xlsx)

Capacity Market Sellers should download the template it, fill it out, and upload it to the RPM/ACR module for unit specific offer cap requests and to the RPM Requests module for MOPR resource specific requests for cleared capacity resources with state subsidies. Instructions for using the RPM/ACR Template Version 14.1 can be found in the RPM/ACR Template Version 14 Instructions document: [http://www.monitoringanalytics.com/tools/docs/IMM RPM ACR Template Version 14.1 Instructions 20201215.pdf](http://www.monitoringanalytics.com/tools/docs/IMM_RPM_ACR_Template_Version_14.1_Instructions_20201215.pdf)

For ACR escalation guidelines, please see: [http://www.monitoringanalytics.com/tools/docs/IMM ACR Escalation Guidelines 20201209.pdf](http://www.monitoringanalytics.com/tools/docs/IMM_ACR_Escalation_Guidelines_20201209.pdf)

CONE Template

A cost of new entry (CONE) template is available for Capacity Market Sellers to use to support MOPR unit specific exception requests and MOPR Resource Specific Exception requests for a New Entry Capacity Resource with State Subsidy: [http://www.monitoringanalytics.com/tools/docs/IMM MOPR Gross CONE Template v1 20201215.xlsx](http://www.monitoringanalytics.com/tools/docs/IMM_MOPR_Gross_CONE_Template_v1_20201215.xlsx)

Capacity Market Sellers should download the template, fill it out, and upload it to the RPM Requests module. Instructions for using the CONE template are available here: [http://www.monitoringanalytics.com/tools/docs/IMM MOPR CONE Template User Guide 20201215.pdf](http://www.monitoringanalytics.com/tools/docs/IMM_MOPR_CONE_Template_User_Guide_20201215.pdf)

Net Revenue Data

MMU Calculated Net Revenues and Process

MMU calculated net revenue values are available in MIRA. MMU calculated net revenues can be viewed in MIRA by clicking the Export button in the RPM/ACR module (ACR Calculation screen).

For information on the projected net revenue process, please see: [http://www.monitoringanalytics.com/tools/docs/IMM Projected Net EAS Options 20201215.pdf](http://www.monitoringanalytics.com/tools/docs/IMM_Projected_Net_EAS_Options_20201215.pdf)

Requests for MMU calculated projected net revenues for new operating parameters (planned units) or for adjusted operating parameters (in service units) should be submitted no later than July 6, 2021, through the MIRA RPM Requests module by creating a MOPR request or RPM Offer Cap Documentation request, uploading a completed net revenue template and also notifying the MMU by email at rpmacr@monitoringanalytics.com: [http://www.monitoringanalytics.com/tools/docs/IMM Unit Specific EAS Parameters Template v1 20201215.xlsx](http://www.monitoringanalytics.com/tools/docs/IMM_Unit_Specific_EAS_Parameters_Template_v1_20201215.xlsx)

Reactive Capability Revenue Data

Capacity Market Sellers who intend to have an ACR based offer cap calculated for a resource must submit a reactive capability revenue value in \$ per MW-year in the Reactive Capability Revenues field in Section 2B of the RPM/ACR system, regardless of whether the unit was part of a fleet rate or received unit specific revenue. The value should be equal to the expected reactive capability revenue for the delivery year. Capacity Market Sellers should enter the relevant reactive filing docket number(s) in the Reactive Capability Revenue Justification field in Section 2B of the RPM/ACR system.

Planned Generation Capacity Resources

Capacity Market Sellers who intend to offer Planned Generation Capacity Resources are asked to notify Monitoring Analytics. Please email rpmacr@monitoringanalytics.com of any intended offer for a Planned Generation Capacity Resource and the expected sell offer.

New Account and Resource Set Up

To facilitate the submittal of MOPR requests and net revenue requests for new resources and accounts that are not yet set up as PJM members or resources, a proxy account and resource can be set up in MIRA. To request this, please email rpmacr@monitoringanalytics.com.

Remaining RPM/ACR Timeline

The remaining milestones/timeline for RPM/ACR related tasks can be found on the Monitoring Analytics web site:
[http://www.monitoringanalytics.com/tools/docs/IMM Timeline for 20232024 RPM BRA 20210517.pdf](http://www.monitoringanalytics.com/tools/docs/IMM_Timeline_for_20232024_RPM_BRA_20210517.pdf)

Please direct any questions regarding this communication to the Monitoring Analytics RPM/ACR email address at rpmacr@monitoringanalytics.com.

Attachment B



DATE: October 23, 2021
TO: Capacity Market Participants
FROM: The Independent Market Monitor for PJM
SUBJECT: Unit Specific Net Revenue Calculation (Dispatchable Units)

MMU Calculated Net Revenue Updates

On October 12, 2021, PJM notified the MMU that, based on the tariff, it is required to calculate unit specific net revenues for combustion turbines including a 10 percent adder in their energy cost.

The MMU recalculated the net revenues to incorporate the 10 percent adder, and also modified other assumptions based on a review of the inputs used in the optimization model for dispatchable units.

For some units, the model had limited the number of run hours based on units' past behavior rather than EFORd and maintenance outages. Removing this limit increased net revenues in some cases. For some units, generation owners updated environmental limitations (e.g. NOx limits) in MIRA since the time the MMU initially extracted the data. Updating this input resulted in lower net revenues for affected units. Some units did not have CO₂ emission rates in MIRA at the time the MMU initially extracted the data but currently do have approved CO₂ emission rates. Updating this input resulted in lower net revenues.

10 Percent Adder in CT Costs: Tariff Language

Attachment DD, section 6.8(d-1) states:

“For the 2022/2023 Delivery and subsequent Delivery Years, Projected PJM Market Revenues for any Generation Capacity Resource to which the Avoidable Cost Rate is applied shall be equal to forecasted net revenues, which shall be determined in accordance with Tariff, Attachment DD, section 5.14(h-1)(2)(B)(ii).”

Attachment DD, section 5.14(h-1)(2)(B)(ii) states:

“The net energy and ancillary services revenue is equal to forecasted net revenues which shall be determined in accordance with the applicable resource type net energy and ancillary services revenue determination methodology set forth in Tariff, Attachment DD, section 5.14(h-1)(2)(A)(i) through (ix).”

Attachment DD, section 5.14(h-1)(2)(A)(iii) states:

“(iii) for combustion turbine resource type, the net energy and ancillary services revenue estimate for each Zone shall be determined in a manner consistent with the methodology described in Tariff, Attachment DD, section 5.10(a)(v-1)(B) for the Reference Resource combustion turbine.”

Attachment DD, section 5.10(a)(v-1)(B) states:

“The Office of the Interconnection also shall determine a Net Energy and Ancillary Service Revenue Offset each year for each Zone, using the same procedures and methods as set forth in the previous subsection.”

The previous subsection (Tariff, Attachment DD, section 5.10(a)(v-1)(A)) states:

“Each net energy and ancillary services revenue simulation is based on . . . an assumption that the Reference Resource would be dispatched on a Projected EAS Dispatch basis.”

The Projected EAS Dispatch is defined as:

“Projected EAS Dispatch” shall mean, for purposes of calculating the Net Energy and Ancillary Services Revenue Offset, a simulated dispatch with the objective of committing and dispatching a resource for the purpose of maximizing its net revenues. The calculation shall take inputs including Forward Hourly LMPs, Forward Hourly Ancillary Service Prices, and Forward Daily Natural Gas Prices or forecasted fuel prices, as applicable, in addition to the operating parameters and costs of the specific resource, including the cost emission allowances. Using operating parameters, forward or forecasted fuel prices, as applicable and other cost pricing inputs, a composite, cost-based energy offer is created for the resource such that its commitment and dispatch is co-optimized between energy and ancillary services in the Day-Ahead Energy Market and then the Real-Time Energy Market considering the electricity and ancillary service price inputs. In the Real-Time Energy Market co-optimization, the resource is assumed to be operating in the hours it was scheduled in the Day-Ahead Energy Market but is dispatched according to the real-time price inputs. In the hours where the resource was not committed in the Day-Ahead Market, the resource may be committed and dispatched in real-time only subject to the real-time electricity and ancillary service price inputs and the resource’s offer and operating parameters. For combustion turbine units only, the cost-based energy offer will include a 10 percent adder.

Attachment C



DATE: October 30, 2021
TO: Capacity Market Participants
FROM: The Independent Market Monitor for PJM
SUBJECT: IMM Determinations Posted for the PJM 2023/2024 RPM Base Residual Auction

Market Seller Offer Cap Order

In the September 2, 2021, Order in Docket Nos. EL19-47-000, EL19-64-000, ER21-2444-000, and ER21-2877-000, the Commission established a market seller offer cap (MSOC) of net avoidable cost rate (ACR), replacing the net CONE times B offer cap. PJM filed a revised schedule and set of deadlines for MSOC requests which FERC granted by order issued October 25, 2021, in Docket No. ER21-2877-000.

IMM Determinations

As of Friday, October 29, 2021, Monitoring Analytics, acting in its capacity as the Independent Market Monitor for PJM, has posted Market Seller Offer Cap (MSOC) values and determinations on RPM must offer exception requests for the reason specified in OATT Attachment M-Appendix § II.C.4.A (retirement) for the 2023/2024 RPM Base Residual Auction, to RPM Auction participants' RPM/ACR system accounts based on the data and information timely submitted by Capacity Market Sellers.

The Market Monitor welcomes discussion with Capacity Market Sellers about the MSOC values and MMU determinations.

Capacity Market Seller Confirmations

Capacity Market Sellers should log into the RPM/ACR system in the Member Information Reporting Application (MIRA) and review the MSOC values and MMU determinations on RPM must offer exception requests for the reason specified in OATT Attachment M-Appendix § II.C.4.A (retirement) (which may be modified based on discussion with the Market Monitor). By Friday, November 5, 2021, a Capacity Market Seller must confirm whether it agrees with the posted MSOC values or indicate the lowest MSOC value to which it commits. By Friday, November 5, 2021, a Capacity Market Seller must confirm whether it agrees with the MMU determinations on RPM must offer exception requests for the reason specified in OATT Attachment M-Appendix § II.C.4.A (retirement).

Capacity Market Sellers must also communicate directly to PJM their agreement or disagreement with the MMU values and determinations and, for MSOC requests, the values to which they agree or commit. If the Capacity Market Seller indicates disagreement with the MMU MSOC values or determinations, the Market Monitor will evaluate whether it must bring the matter to the attention of the Federal Energy Regulatory Commission.

Offer Caps

Instructions for using the “RPM Offer Cap Confirmation” module are available on the Monitoring Analytics website under “Tools”: [https://www.monitoringanalytics.com/tools/docs/IMM RPMACR in MIRA User Guide 20210913.pdf](https://www.monitoringanalytics.com/tools/docs/IMM_RPMACR_in_MIRA_User_Guide_20210913.pdf)

Please note that the posted MSOC values for ACR based and opportunity cost based offer caps are in \$ per MW-day of installed capacity (ICAP) or nameplate MW. For non ELCC resources, the MSOC values will be converted to a UCAP basis at the time of the auction by dividing by (1 – sell offer EFORd). For ELCC resources, the MSOC values will be converted to a UCAP basis at the time of the auction by multiplying by the ratio of the Effective Nameplate MW to the lesser of Capacity Interconnection Rights (CIRs) or Accredited UCAP. The submission of sell offer prices and the application of MSOCs in the auction are on a UCAP basis.

Other RPM Requests

Instructions for using the MIRA “RPM Requests” module are available on the Monitoring Analytics website under “Tools”: [http://www.monitoringanalytics.com/tools/docs/IMM RPM Requests Module User Guide 20201215.pdf](http://www.monitoringanalytics.com/tools/docs/IMM_RPM_Requests_Module_User_Guide_20201215.pdf)

Please direct any questions regarding this communication to the Monitoring Analytics RPM/ACR email address at rpmacr@monitoringanalytics.com.

Attachment D



DATE: November 5, 2021
TO: Capacity Market Participants
FROM: The Independent Market Monitor for PJM (MMU)
SUBJECT: Unit Specific Net Revenue Calculation (Dispatchable Units)

MMU Calculated Net Revenue Updates

On November 4, 2021, the MMU requested PJM's interpretation of the tariff definition of the Projected EAS Dispatch, for use in setting the Market Seller Offer Cap (MSOC) values for the 2023/2024 Base Residual Auction (BRA). While the MMU believes that the MMU's calculations were fully consistent with the tariff, the MMU believed that some of the results were not reasonable. For some units, the MMU model had committed units in real time that are generally not committed in real time by PJM. As a result, the MMU requested PJM's interpretation of the tariff. Based on PJM's interpretation, the MMU will recalculate net revenues and the resultant MSOC for all affected units early next week and provide those results to the affected market participants in MIRA.

The Projected EAS Dispatch is defined as:

“Projected EAS Dispatch” shall mean, for purposes of calculating the Net Energy and Ancillary Services Revenue Offset, a simulated dispatch with the objective of committing and dispatching a resource for the purpose of maximizing its net revenues. The calculation shall take inputs including Forward Hourly LMPs, Forward Hourly Ancillary Service Prices, and Forward Daily Natural Gas Prices or forecasted fuel prices, as applicable, in addition to the operating parameters and costs of the specific resource, including the cost emission allowances. Using operating parameters, forward or forecasted fuel prices, as applicable and other cost pricing inputs, a composite, cost-based energy offer is created for the resource such that its commitment and dispatch is co-optimized between energy and ancillary services in the Day-Ahead Energy Market and then the Real-Time Energy Market considering the electricity and ancillary service price inputs. In the Real-Time Energy Market co-optimization, the resource is assumed to be operating in the hours it was scheduled in the Day-Ahead Energy Market but is dispatched according to the real-time price inputs. In the hours where the resource was not committed in the Day-Ahead Market, the resource may be committed and dispatched in real-time only subject to the real-time electricity and ancillary service price inputs and the resource's offer and operating parameters. For combustion turbine units only, the cost-based energy offer will include a 10 percent adder.

Attachment E



DATE: November 12, 2021
TO: Capacity Market Participants
FROM: The Independent Market Monitor for PJM (MMU)
SUBJECT: Unit Specific Net Revenue Calculation (Dispatchable Units)

MMU Calculated Net Revenue Updates

On November 4, 2021, the MMU requested PJM's interpretation of the tariff definition of the Projected EAS Dispatch, for use in setting the Market Seller Offer Cap (MSOC) values for the 2023/2024 Base Residual Auction (BRA). While the MMU believes that the MMU's calculations were fully consistent with the tariff, the MMU believed that some of the results were not reasonable. For some units, the MMU model had committed units in real time that are generally not committed in real time by PJM. As a result, the MMU requested PJM's interpretation of the tariff.

Based on PJM's interpretation, and using updated inputs consistent with the tariff requirements, the MMU has recalculated net revenues for the 2023/2024 Base Residual Auction and provided those results on November 12, 2021, to the affected market participants in MIRA.¹

The MMU has also posted the resultant MSOC values for the 2023/2024 Base Residual Auction in MIRA on November 12, 2021.

The MMU will reopen the RPM Offer Cap Confirmation module in MIRA for Capacity Market Sellers.

The MMU has also recalculated net revenues for the 2023/2024 Base Residual Auction and provided the resulting alternative net revenues on November 12, 2021, to the affected market participants in MIRA that selected unit specific ACR. These recalculations reflect more realistic assumptions about plant operations than allowed by the tariff provisions governing the MMU calculations. These recalculations are consistent with the alternative net revenue calculation method defined in the tariff allowed for use by market participants seeking unit specific MSOC.² The alternative net revenues can be viewed in MIRA by selecting the 2023/2024 CP Base Residual Auction (Alternative) in the RPM/ACR module (ACR Calculation screen) and clicking the Export button.

¹ OATT Attachment DD Section 6.8(d-1), referencing OATT Attachment DD Section 5.14(h-1)(2)(B)(ii).

² OATT Attachment DD Section 6.8(d-1).

The MMU has also posted the resultant alternative MSOC values in MIRA on November 12, 2021. The MMU supports participant use of the alternative MSOC values, should participants choose to use them.

The MMU will discuss the results with any interested participant. To the extent that any participant that requested unit specific MSOC and uses actual fuel cost, e.g. inventory or contract cost, instead of replacement cost, the MMU has used the fuel price entered into MIRA by the participant. If the participant wants the MMU to include a more accurate estimate of the forward fuel costs, defined in the period from April 26 through June 4, 2021, please contact the MMU.