



# RPM Compliance Filing Issues

RPMWG  
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Joseph Bowring  
Market Monitor

- Tariff Section 6.7 (c) addresses the conditions under which certain units do not have to provide avoidable cost data.
- Tariff Section 6.7 (c) (Sheet 610) provides that potential auction participants need not submit avoidable cost data under Section 6.7(b) if the unit is in an unconstrained LDA and **“is in a resource class determined by the MMU as not likely to include the marginal price-setting resources in such auctions.”**
- Tariff Section 6.7 (c) further provides that, **“The MMU shall determine, in its discretion, following stakeholder consultation, the resource classes and prices in the posting required by Section 6.2(a).”** (The posting of the PMSS results.)

- One alternative approach is to require all market participants to submit data under Section 6.7(b).
- Second alternative approach, if participants wish to continue to have proxy or default ACR data posted:
- MMU calculates and submits to FERC the data for resource class and prices (ACR data)

- Issues:
  - Objective criteria
  - MMU role and PJM role
  - Tariff definition of avoidable costs

- FERC Order required that “objective criteria” be used by the Market Monitor in reviewing offers.
- MMU would file Avoidable Cost Rate (ACR) data and calculations with FERC
- FERC order addresses a solution to MMU discretion
- FERC did not order that PJM replace MMU in ACR calculation role
- PJM proposes that PJM replace the MMU in ACR calculation role

- Tariff defines avoidable costs (6.8 b) (Sheet 617)
- “For purposes of determining an Avoidable Cost Rate, avoidable expenses are incremental expenses directly required to operate a Generation Capacity Resource that a Generation Owner would not incur if such generating unit did not operate in the Delivery Year or meet Availability criteria during Peak-Hour Periods during the Delivery Year.”
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- This is the definition applied by the MMU
- Clearly different from the retirement interpretation proposed by PJM – costs avoided if the unit retires
  
- FERC order addresses a solution to MMU discretion
- FERC order does not address changing the definition of avoidable costs
- PJM proposes changing the definition of avoidable costs in the tariff