

# Market Monitor Report

MC Webinar

September 24, 2018



Monitoring Analytics

# Standard Model of Review for Opportunity Cost Adders

1. A market participant requests the application of opportunity costs in a cost-based energy offer.
2. IMM evaluates the opportunity costs and all the associated inputs in detail, discusses the details with the participant and provides the results of its analysis to the participant.
3. The IMM and the participant discuss in detail and reach agreement after discussion.
4. The IMM informs the participant in writing that the opportunity cost is consistent with a competitive cost-based energy market offer.

# Standard Model of Review for OC Adders

5. PJM reviews the results and decides whether to accept or reject the agreed upon opportunity cost.
6. If the IMM and the market participant do not reach agreement, the market participant has the option to request PJM's opinion or to go directly to FERC.
7. If PJM permits the participant to use an opportunity cost that the IMM believes is consistent with the exercise of market power, the IMM can raise the issue with FERC.

# Standard Model of Review for OC Adders

8. If PJM requires the participant to use an opportunity cost that the IMM believes is lower than the actual opportunity cost, the market participant or the IMM can raise the issue with FERC.



# Standard Model of Review for OC Adders

- If PJM were to select the standard option, the IMM would continue to work to make clear to PJM the IMM approach to the calculation of opportunity costs and would discuss, at PJM's request, the details of any specific case with PJM to ensure that PJM clearly understands the basis for the calculation of opportunity cost.
- If PJM were to decide to be the first reviewer of opportunity costs, the IMM has the obligation to refer any participant to FERC if the opportunity cost adder is not consistent with a competitive offer.

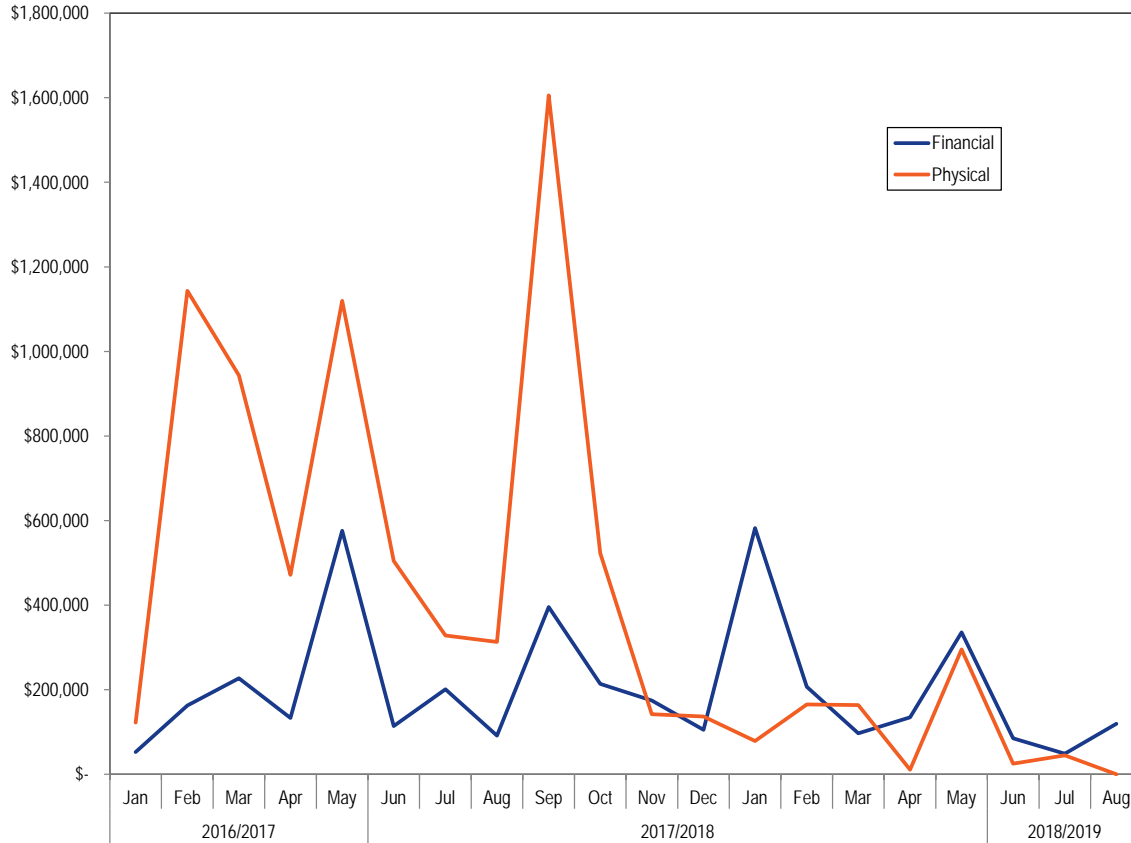
# Raising Hourly Offers Around Commitments

- **With the implementation of hourly offers, PJM prohibited increases to price-based offers for committed hours to limit exercises of market power.**
- **PJM did not prohibit raising price-based offers for hours adjacent to commitments. Current uplift rules allow units to receive uplift based on adjacent hour offers.**
- **The IMM is monitoring offer increases during these hours and plans to make recommendations to limit uplift for hours adjacent to commitments.**

# FTR Forfeitures

- **FTR forfeitures initially billed retroactively under new rules.**
- **FTR forfeitures initially increased under new rules.**
- **Participant experience with rules resulted in reduced forfeitures.**
- **FTR forfeiture rule is working as intended.**

# FTR Forfeitures





# Regulation Market Issues

- **PJM placed a cap on RegD and changed the RegD signal to correct for system control issues.**
- **RegD suppliers filed a complaint under the filed rate doctrine because the changes affected RegD revenues.**
- **Suppliers asked for relief: remove the cap, reinstate the RegD signal and document the MBF and signal design in the tariff.**
- **Suppliers filed a request for a settlement judge.**
- **FERC Ordered a Technical Conference to address the issues raised.**

# Regulation Market Issues

- **PJM asked to put the Technical Conference on hold.**
- **PJM filed stakeholder approved regulation market proposal to address market issues, including documenting the derivation of the RegD signal design and the MBF.**
- **FERC rejected the PJM proposal and reinstated the Technical Conference to discuss market design issues and the complaint**
- **PJM and IMM filed, separately, for rehearing.**
- **FERC issued a notice of Technical Conference to examine PJM's market design and remaining outstanding issues.**

# Regulation Market Issues

- **PJM and RegD Suppliers filed to enter into settlement discussions.**
- **FERC issued an order establishing settlement proceedings “to facilitate the expeditious resolution of the issues raised in these proceedings.”**
- **Settlement to address market design issues improperly circumvents the PJM stakeholder process.**
- **Settlement proposals should be put before the membership for approval before signing when designed to address market design issues.**

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