

# System Offer Cap Implementation

MIC

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# FERC Order 831

- **139. We adopt the NOPR proposal and clarify that each RTO/ISO or Market Monitoring Unit is **required to verify** that any incremental energy offer above \$1,000/MWh reasonably reflects the associated resource's actual or expected costs **prior to using that offer to calculate LMPs**. We find that this verification requirement is necessary for incremental energy offers above \$1,000/MWh because market power concerns are heightened when a resource's short-run marginal costs exceed \$1,000/MWh.**

## OA Schedule 1 Section 6.4(b)

- **(d) Market Participants shall have **exclusive responsibility for preparing and submitting their offers** on the basis of accurate information and in compliance with the FERC Market Rules, inclusive of the level of any applicable offer cap, and in no event shall PJM be held liable for the consequences of or make any retroactive adjustment to any clearing price on the basis of any offer submitted on the basis of inaccurate or non-compliant information.**

# IMM Recommendation

- **Short term solution**
  - **Until correct implementation is possible, request an exception from FERC to use the Switch to Cost method as originally intended**
  - **Reject Manual 11 proposed changes**
- **Long term solution**
  - **Correctly implement in Markets Gateway**
  - **Revise Manual 11 accordingly**

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