

Market Monitor Report

MC Webinar

September 14, 2020

IMM



Monitoring Analytics

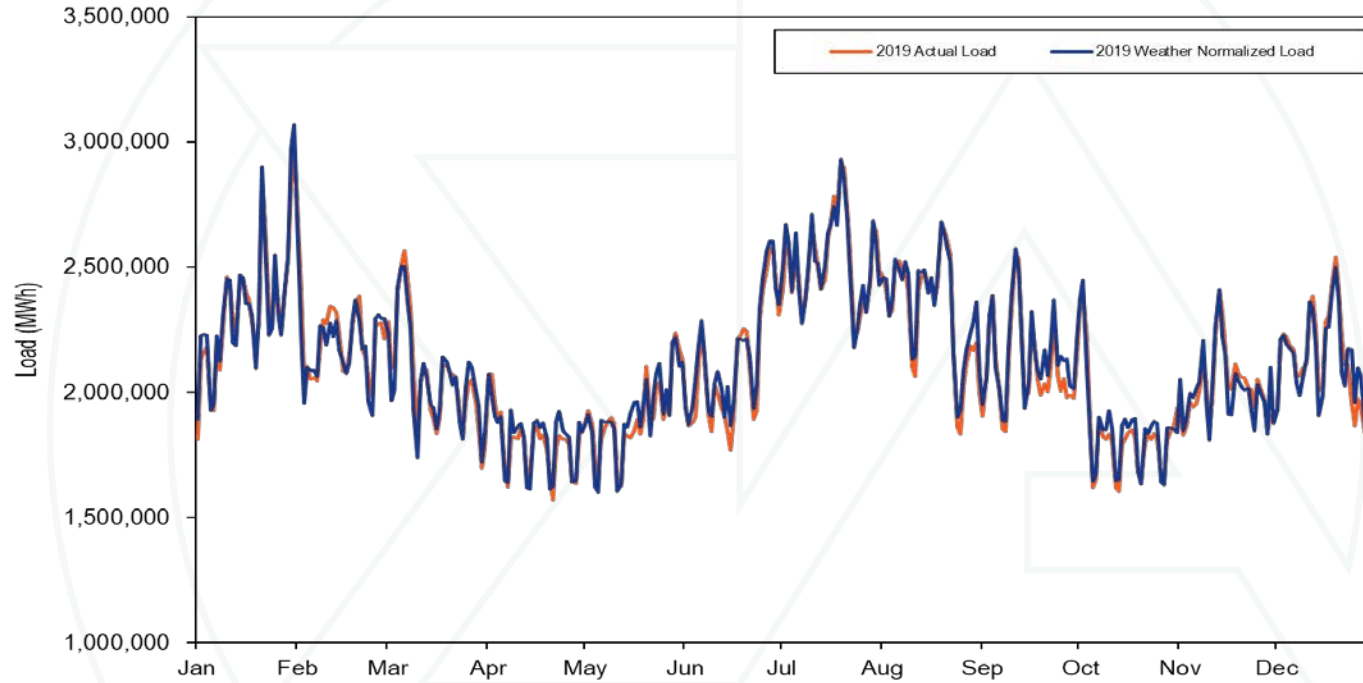
Protests of MBR Triennial Filings

- On August 28 and 31, the IMM filed protests in the most recent cycle of triennial report filings, which applied to nontransmission owner MBR (market based rate) authorizations.
- The protests explain that the current state of the mitigation rules in the PJM capacity and energy markets is inadequate and cannot be relied upon to mitigate market power.
- Flaws in the mitigation rules have been identified in the SOMs.
- The protests recommend conditioning continued MBR authorization on submitting unit specific cost based offers in both the energy and capacity markets.
- The protests do not recommend revoking MBR authorization and replacing them with cost of service rates.
- When adequate mitigation rules are in place the conditions should be lifted.

Weather Normalized Load

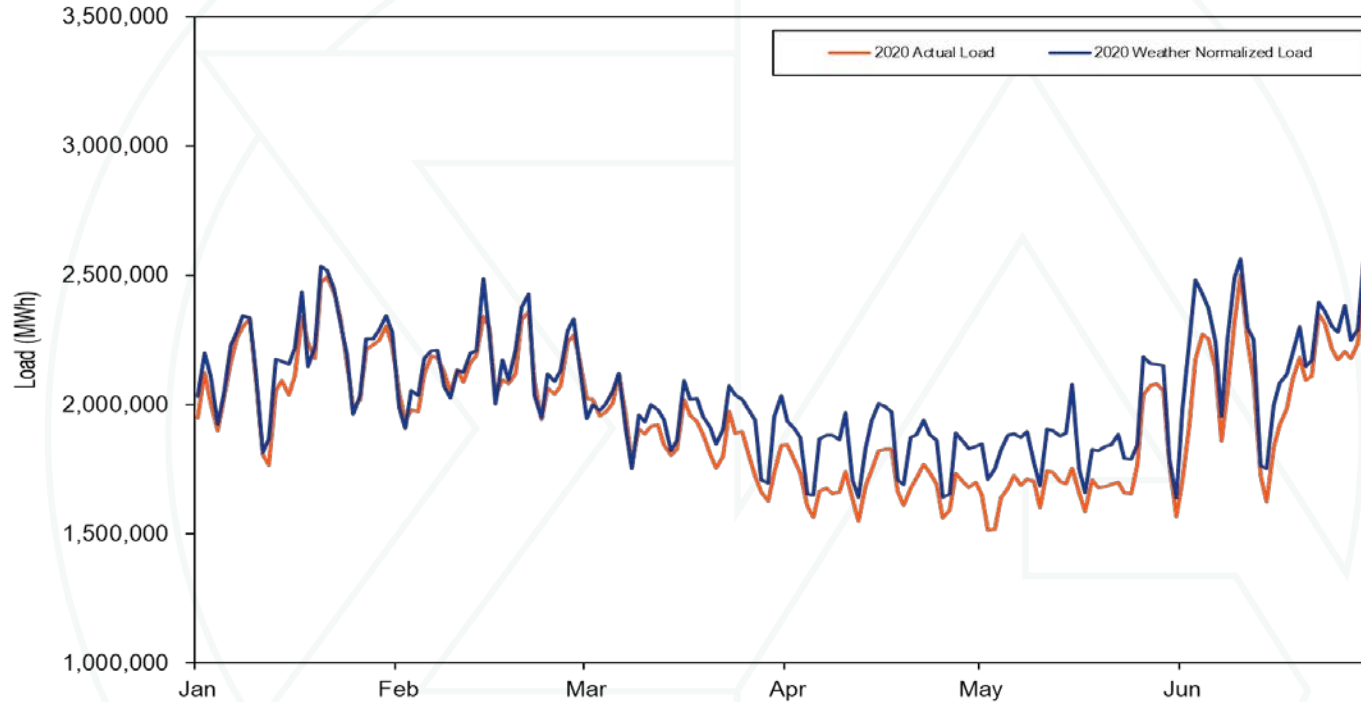
- **PJM real-time load was lower in the first six months of 2020 than in the first six months of 2019. This was a result of both weather conditions and COVID-19.**
- **The IMM developed a measure of weather normalized load in order to help identify the separate impact of COVID-19.**
- **The weather normalized model is based on the historic relationship between PJM daily load, and HDD, CDD, and time of year, for 2015 through 2018. (Heating/cooling degree days.)**

Weather Normalized Load 2019



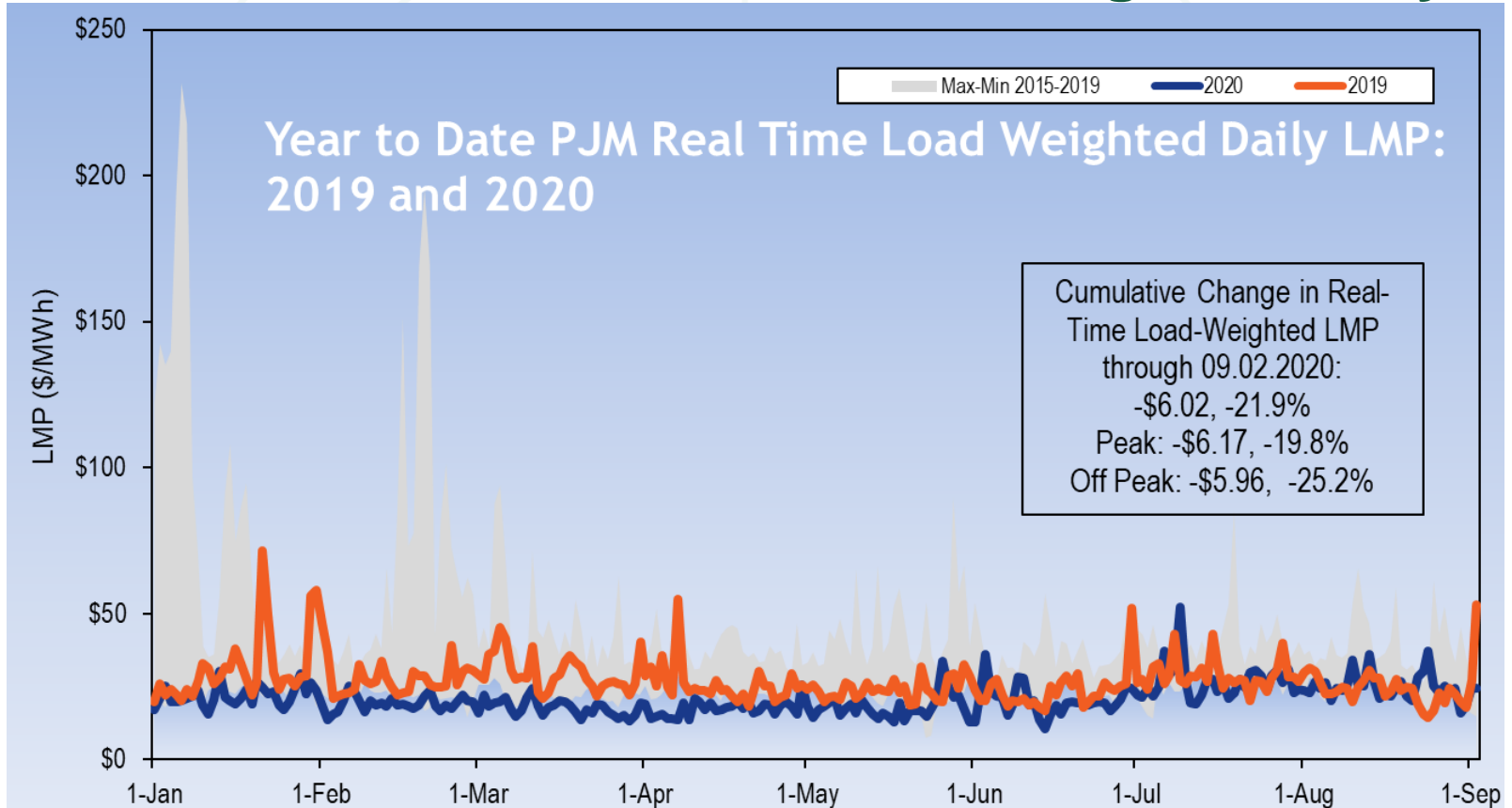
Actual load was very close to weather normalized load in 2019.

Weather Normalized Load 2020

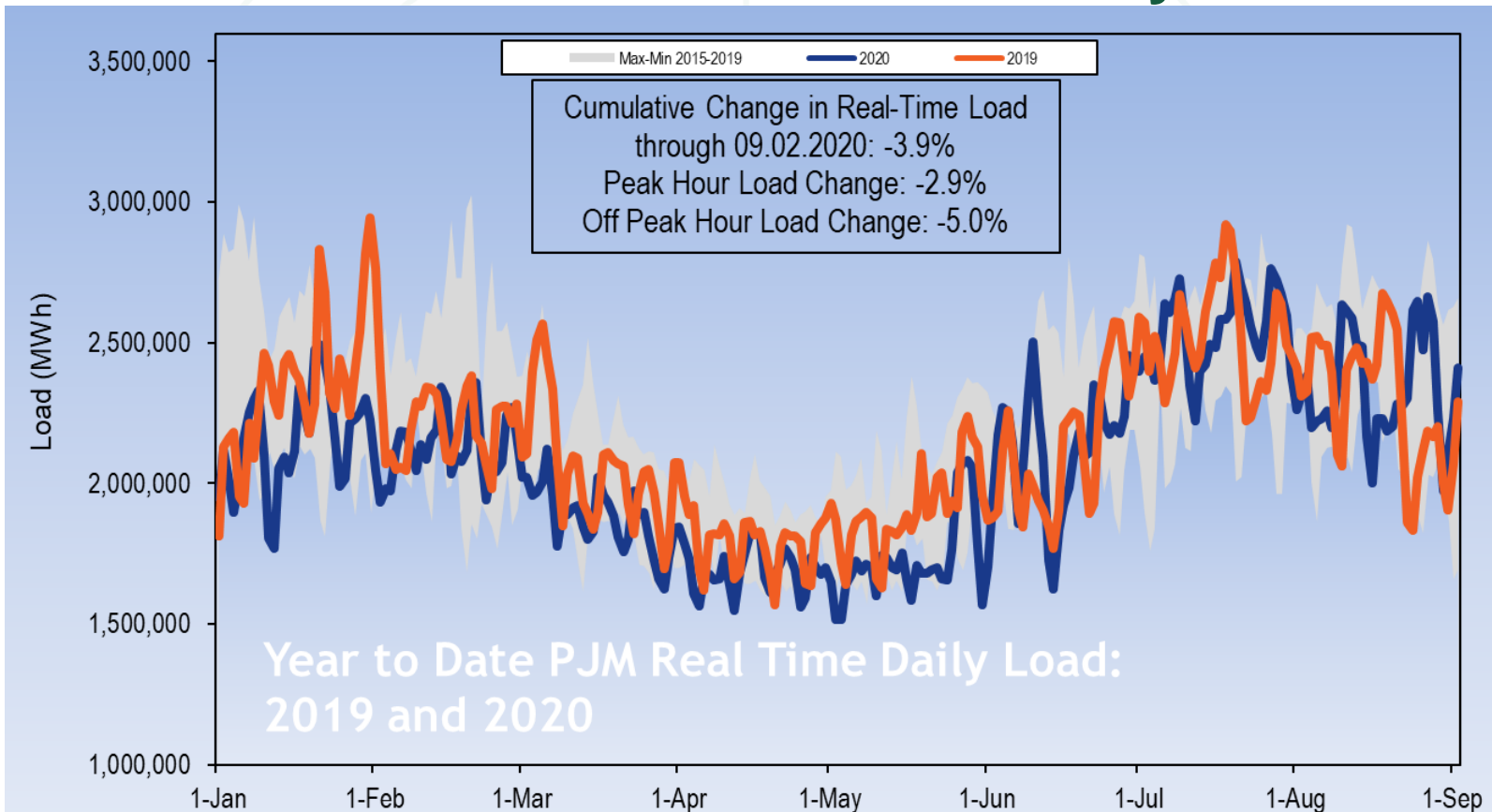


Actual load was significantly lower than weather normalized load from March through May 2020.

Year to Date PJM Real-Time Load-Weighted Daily LMP



Year to Date PJM Real-Time Daily Load



MOPR State Subsidy Guidance

- **As of August 5, 2020, MOPR State Subsidy Guidance requests can be submitted in the RPM Requests module in MIRA.**
- **The MOPR Subsidy Guidance Template is available on the Monitoring Analytics Tools page:**
<http://www.monitoringanalytics.com/tools/tools.shtml>
- **Any questions can be directed to**
rpmacr@monitoringanalytics.com.

Frequently Mitigated Units (FMUs)

- **Frequently mitigated units (FMU) and associated units (AU) are generating units in the PJM energy market that are allowed to apply an adder to their cost-based offers based on the frequency with which they are offer capped.**
- **FMU adders were first provided as additional compensation as a form of capacity pricing in 2006 to help ensure that units that run primarily in a cost capped mode and are marginal can cover their avoidable or going forward costs.**

Elimination of FMU Adders

- **The implementation of the RPM capacity market construct in PJM in 2007 addressed the defined revenue adequacy issue for frequently mitigated units.**
- **FMU and AU adders no longer serve the purpose for which they were created and interfere with the efficient operation of PJM markets.**
- **The MMU recommends the elimination of FMU and AU adders.**

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