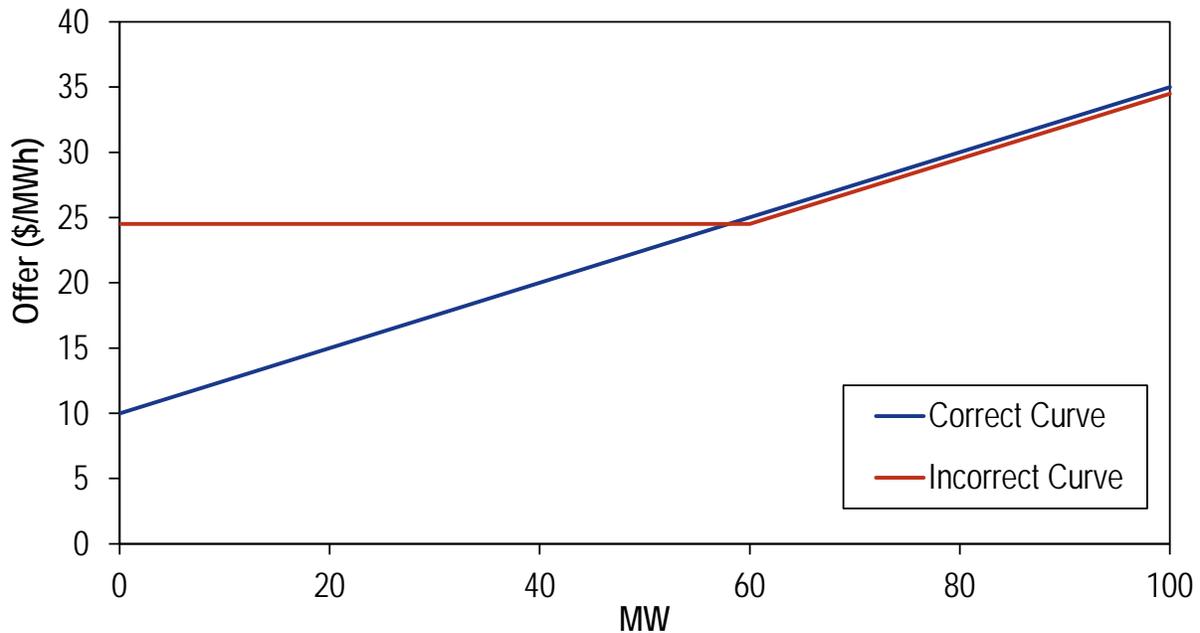


The prior definition of Incremental Energy Offer could be read, incorrectly, to state that all incremental offer curves must start at the economic minimum MW, and that block loaded units had to remove no load heat from the incremental offer. However, all correctly defined incremental offer curves begin at the vertical axis or zero MW. Figure 1 shows an incremental offer curve calculated correctly starting at zero MW compared to an incremental offer curve starting at 60 MW.³

Figure 1. Incremental Offer Curves.



Block loaded units by definition do not have a dispatchable range, they operate at a single MW point. Block loaded units only require two offer parts, an incremental energy offer that includes the total cost of operating the unit at the single MW point and a start cost. Block loaded units do not require no load costs. The incremental energy offer should be based on the total heat needed to operate the unit at the single MW point divided by the

³ In PJM, sloped offers submitted with a first MW segment that begins above zero MW are assumed to be constant from zero MW to the first MW segment.

MW point. Therefore, no load costs do not need to be removed from the incremental offer of block loaded units.

The prior definition of No Load Cost could be read, incorrectly, to state that the no load cost was a value that could be adjusted in order to create a monotonically increasing incremental curve. However, the no load cost is correctly calculated based on the heat input at the vertical axis, or zero MW, and it does not need to be adjusted.

Both prior definitions in combination with unclear or incorrect formulas in Manual 15 have led to incorrect calculations of cost-based energy offers and associated Schedule 2 penalties.⁴

The proposed revisions in combination with clear, straightforward formulas in Manual 15, will provide market sellers with the tools to correctly calculate energy market cost-based offers.

The November 18th Filing should be approved.

The Market Monitor respectfully requests that the Commission afford due consideration to these comments as it resolves the issues raised in this proceeding.

Respectfully submitted,



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⁴ OA Schedule 2, Section 6.

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Dated: December 9, 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 9th day of December, 2021.



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