

## MINUTES

**MARKET MONITORING UNIT ADVISORY COMMITTEE**  
**LOCATION: CONFERENCE AND TRAINING CENTER,**  
**PJM INTERCONNECTION**  
**DATE: MONDAY, DECEMBER 11, 2019, 2:00 PM**

These notes are from the eleventh meeting of the Market Monitoring Unit Advisory Committee (MMUAC), established pursuant to Section III.H of Attachment M of the PJM Open Access Transmission Tariff, effective August 1, 2008. Section III.H provides that the MMUAC “act as a liaison between stakeholders and the MMU” and that it “provide advice from time to time on matters relevant to the MMU’s responsibilities under this [PJM Market Monitoring] Plan.”

### **I. OVERVIEW**

Joe Bowring provided an overview of the IMM’s activities in 2019.

### **II. ARR/FTR ISSUES AND POSSIBLE SOLUTIONS**

Howard Haas discussed issues with the current ARR/FTR construct and possible solutions to these issues. The IMM explained that the current ARR/FTR construct does not provide an efficient or effective means for load to offset their congestion costs. The IMM explained that the current ARR/FTR construct causes significant cross subsidies and wealth transfers between ARRs and FTRs, between ARR holders within different zones and between ARRs and IARRs. The IMM explained that the a fundamental issue with the current ARR/FTR construct is it that it allocates congestion rights and congestion on a path based fiction that is incompatible with how congestion is actually incurred, based on actual network use, in a market based on a security constrained, least cost optimization. The most direct and efficient solution to the problem of the misalignment of congestion rights and congestion is to allocate the rights to network based congestion directly to load based on actual network use and actual payments of congestion. Under this approach, congestion is returned to load directly based on the actual network service based differences in what load pays for energy and generation is paid for energy. Under this approach, load can keep the congestion revenue stream or choose to sell all or some portion of the revenue stream to third parties at a defined reserve price. This approach is fully compatible with a path based, point to point auction for FTRs based on PJM’s network model that would operate separately from the congestion market, based on, and fully funded by, buyers and sellers within that FTR market and thus imposing no risks on nonparticipants.

### III. FOLLOWING DISPATCH

Joel Romero Luna explained PJM's current rules regarding the definition of following dispatch, the issues with the current methods and metrics, and potential solutions. The topics discussed included how PJM measures "following dispatch" for the purpose of uplift settlements. The IMM highlighted the fact that PJM has two methods to assess following dispatch and current problems with these methods. One method is used to credit uplift to generators that does not rely on a metric. A second method is used to charge uplift to generators that relies on several metrics that fail to accurately capture following dispatch. The IMM expressed concerns about the current methods and metrics and reiterated the IMM recommendation to develop an accurate metric to determine when a unit is following dispatch.

### IV. LEGAL ISSUES

Jeffrey Mayes discussed current legal issues that the IMM is addressing. Topics discussed included the broad scope of IMM's role monitoring PJM tariff rules and activities based on their impact on competitiveness. For example, credit policy rules and transmission policy rules affect the competitiveness of PJM markets. The IMM discussed the recent FERC holding that the IMM can file complaints against PJM under the Commission Rules and consistent with Attachment M and the IMM's relationship with the PJM Board. Mr. Mayes also explained the broad scope of the IMM's access to information under the tariff, whether in the custody of PJM or PJM Members, and explained why broad access to information is necessary for the performance of the IMM's core functions.

### V. REQUEST FOR STAKEHOLDER FEEDBACK

Joe Bowring solicited and responded to questions and comments from stakeholders concerning the IMM's implementation of the PJM Market Monitoring Plan.

### VI. ATTENDANCE – IN PERSON

Last Name	First Name	Company	Email Address
Bowring	Joseph	Monitoring Analytics, LLC	<a href="mailto:Joseph.Bowring@monitoringanalytics.com">Joseph.Bowring@monitoringanalytics.com</a>
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