



MARKET MONITORING REPORT

Energy Market Committee
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Issues

- Local Market Power Mitigation Working Group
 - Update on activities
 - Meeting dates:
 - February 18
 - March 3
 - March 19

Issues

- Update on Inc/Dec/FTR rule
 - MMU is enforcing the rule
 - Participants need to be clear if they are violating the rule and paying penalties
 - Information available
 - MMU will be examining the components of the rule



Issues

- Update on interface pricing rule
 - MMU modified the interface pricing rule for consistent application in the eastern interconnection
 - AECI
 - SPP



Day 1-Market Monitoring

- Tracking of TLRs and refusal rates for hourly and daily transmission service due to lack of ATC .
- Evaluation of company hourly and daily non-firm sales data to determine if inflated prices are charged to customers affected by transmission constraints. Comparison to regional hubs and analysis of differentials between congested and non-congested periods.
- Analysis of unit dispatch data to identify deviations from merit order to influence transmission constraints.
- Regression modeling to determine effect of congestion on regional price indices.
- Tracking of transmission outages concurrent with congestion to evaluate causal relationships.



ATC Usage on Day 1

- PJM letter to FERC of December 11, 2002
- Issue: incentives to “hoard” certain ATC in New PJM Zones
- Non-firm network transmission at zero marginal cost
- Sales to PJM network loads using this service
- Allocation of ATC on transmission paths to, from or through New PJM Zones
- PJM will establish a 30 minute reservation request window - all requests receive equal priority
- MMU will track utilization of ATC
- If there is an issue identified - MMU will request necessary Commission action



Operating Reserves Rule

- Limit to compensation during Maximum Generation Emergency (Original Sheet 105)
- Language approved by EMC was not approved by MC
- Language approved by MC was submitted to and accepted by FERC
- Need to modify the language to comport with original intent of modifications
- Original intent was to permit compensation for units that operate at PJM's request and units that have fully flexible operating parameters
- See proposed language: **Red is deleted; blue is added**



Operating Reserves Rule

- For purposes of this paragraph (m), the Effective Offer Price shall be the amount that, absent paragraphs (l) and (m), would have been credited for Operating Reserves for such Operating Day pursuant to Section 3.2.3(e) plus the Real-time Energy Market revenues for the hours that the offer is economic divided by the megawatthours of energy **offered provided** during the hours that the offer is economic **plus the offer for Spot Market Energy for the hours the offer is economic**