



# LMPMWG Update

EMC  
August 27, 2003

Joseph E. Bowring  
Manager  
PJM Market Monitoring Unit



LMPMWG

- Detailed proposal prepared by MMU, based on discussions with the LMPMWG
- Presented at meeting of 08/26/03

- Local market power mitigation rules per OA would continue unless certain conditions are met

- Operational test for adequate structural conditions for competition
  - More than three pivotal suppliers
  - Automatic mitigation could be suspended subject to ongoing review

- Implement test for efficient retirements in load pockets
- If units cannot cover to go costs
- If units are needed for reliability
- Then units would be guaranteed recovery of to go costs
- Test to ensure that retirements are not used to exercise market power

- Implement a competitive auction to determine the most efficient solution for solving scarcity in load pockets
- Scarcity is identified looking forward
- Auction including transmission, generation, DSM
- Lowest cost alternative selected

- Post 1996 units will be covered by local market power mitigation rules going forward