



**Monitoring
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DATE: October 6, 2015
TO: Richard Brown, Chair, GOFSTF
FROM: PJM Independent Market Monitor
SUBJECT: IMM GOFSTF Proposal Summary

The IMM's proposal targets the specific need for flexibility in offers for generators to reflect the intraday variation in costs. Daily offers are replaced with hourly offers that would allow generators to reflect intraday fuel cost changes. At the same time, the incentives provided by daily offers are replaced by rules on mark-up to maintain the incentives for competitive behavior and ensure proper market power mitigation. The proposal complies with the Commission directive to allow hourly offers that accurately reflect short run marginal costs of generation resources while ensuring proper market power mitigation rules are in place to prevent exercise of market power.