

# IMM FCP Proposal

MRC

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# FCP Process Proposal

- **Goals:**
  - **Reduce unnecessary administrative burden on Market Sellers, PJM and IMM.**
  - **Establish clear review deadlines for IMM/PJM.**



# FCP Process Proposal

- **Remove annual review process. The “outside annual review” process will remain as the only process.**
- **Establish a sequential IMM/PJM review. IMM will have 10 business days to review FCPs. Afterwards, PJM will have 20 business days.**
  - **Market Seller can request an expedited review by PJM or request to continue working with the IMM.**
- **Generation resources without an approved fuel cost policy will have to submit zero cost offers.**
  - **These zero offer generation resources without an approved FCP will no longer be subject to penalties.**

# Cost Offer Penalties Proposal

- **Goal:**
  - **Modify penalties to be proportional to potential market impact.**
  - **Create incentive for market seller identification of errors.**



# Proposed Penalty – Impact Factor

- 1. Maintain current penalty when unit fails local/aggregate TPS test or offered above \$1,000 per MWh.**
- 2. Increase the current penalty (2X) when unit clears DA or runs RT on cost-based offer with error and:**
  - Sets the LMP (marginal) or**
  - Receives make whole payments or**
  - Offered above \$1,000/MWh.**
- Decrease the current penalty (0.1X) when these two conditions do not apply.**

# Proposed Penalty – Self Identified Factor

- If neither of the impact conditions apply, 50 percent reduction from penalty.
- If one or both of the impact conditions apply, 25 percent reduction from penalty.



# Possible Outcomes

Penalty Condition	IMM/PJM Identified	Self Identified
1. (Unit Cleared DA or Ran RT) and (Was Marginal or Received Make Whole Payment or Offered above \$1,000/MWh)	200%	150%
2. Unit Failed Local TPS Test or Aggregate TPS Test or Offered above \$1,000/MWh	100%	75%
3. If 1 and 2 do not apply	10%	5%

- **Percent of current penalty.**

# Example

- **Unit Output = 500 MW.**
- **Average RT LMP = \$40/MWh.**
- **Current penalty would be \$24,000.**

Penalty Condition	IMM/PJM Identified	Self Identified
1. (Unit Cleared DA or Ran RT) and (Was Marginal or Received Make Whole Payment or Offered above \$1,000/MWh)	\$48,000	\$36,000
2. Unit Failed Local TPS Test or Aggregate TPS Test or Offered above \$1,000/MWh	\$24,000	\$18,000
3. If 1 and 2 do not apply	\$2,400	\$1,200



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