Fuel Cost Policy Periodic Review

CDS February 1, 2023 Joel Romero Luna



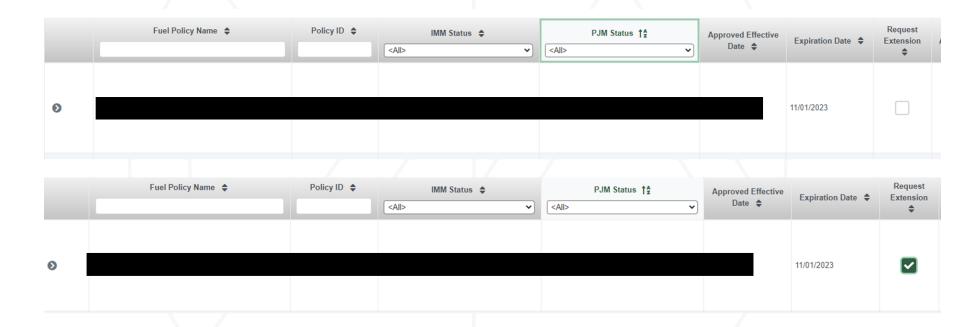
Fuel Cost Policy Periodic Review

- On July 28, 2020, FERC approved tariff revisions that modified the fuel cost policy process (172 FERC ¶ 61,094).
- The tariff revisions replaced the annual review process with a periodic review set by PJM.
- Fuel cost policies reviewed in 2020 were approved by PJM with an expiration date of November 1, 2023.
 - The FCP had to be approved with an earlier date if a relevant contract expired earlier.

- Prior to expiration, Market Participants are required to either:
 - Confirm that their expiring Fuel Cost Policy remains compliant.
 - Submit an updated Fuel Cost Policy.
- Both options will result in new expiration date on 11/01/2026, unless a relevant contract expires between 2023 and 2026.
- Only Market Participants with Fuel Cost Policies that expire on 11/01/2023 are required to choose one of the options.

- From February 1 through May 1, 2023, Market Participants will be able to confirm in MIRA if their existing Fuel Cost Policy remains compliant.
- Users have to check the "Request Extension" checkbox in the Fuel Policy Editing module.

Example



- PJM and the MMU will send routine reminders to Market Participants prior to the end of the window to extend currently approved FCPs.
- Market Participants that do not extend their FCPs will have to submit a new FCP.
- Market Participants that do not extend their FCPs and do not submit new FCPs before expiration will have to either:
 - Submit cost based offers at zero.
 - Use PJM's temporary cost offer method.

- Market Participants that do not wish to make any changes to their FCPs should request an extension as soon as possible.
- All extensions will be reviewed by PJM and the MMU.
- PJM and/or the MMU may require changes to existing FCPs.
- In such case, Market Participants will be required to submit a new FCP.
- New FCPs are reviewed following the current deadlines (30 business days between PJM and the MMU).

Monitoring Analytics, LLC
2621 Van Buren Avenue
Suite 160
Eagleville, PA
19403
(610) 271-8050

MA@monitoringanalytics.com www.MonitoringAnalytics.com