



Fuel Cost Policy and Hourly Offers Filing Manual 15 Conforming Changes



Jeff Schmitt
Manager, Market Analysis
Market Implementation Committee
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The February 3rd FERC ruling on Hourly Offers accepted a significant portion of what PJM filed, with some items to be modified to support the filing:

- Several sections of Manual Language (M15) to be put into the Tariff (Operating Agreement) and some modifications to accommodate FERC order:
 - Standard of Review & when non-compliant
 - Penalty termination details, penalty allocation, and addition of a rebuttal period
 - Timeline for review of new and existing resources
 - Components of cost clarification
 - Dispute resolution clarification

The FERC ruling affirmed:

- PJM's standard of review
 - Verifiable & systematic
- PJM's final authority to approve Fuel Cost Policies
- Penalty structure
- PJM Operating Agreement prohibits Maintenance Adders and Additional Labor Costs from being recovered in Avoided Cost Rates

What does that mean?

- A series of steps that are followed to get to the creation of the cost-based offer
- These steps should have thresholds and triggers associated with them
- The steps should be able to be followed logically
- Explanations for liquid and poor liquidity markets should be defined
- An auditor should be able to follow the steps and arrive at the cost-based offer

- PJM Compliance Filing due March 6, 2017
 - Effective Date for Fuel Cost Policies, May 15, 2017
 - Implementation Date of Hourly Offers, November 1, 2017
- Manual 15 Changes
 - PJM MIC Special Session, February 21, 2017
 - MRC First Read, February 23,
 - MRC Endorsement, March 23
 - MC Endorsement, April 27
- Fuel Cost Policy Annual Review Process June 15 – November 1, 2017