

Manual 11

Offer Cap Verification Process

MIC

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Issues Raised by IMM in FERC Docket

PJM Screening Process:

- **Verification not consistent with Schedule 2 or Manual 15, Fuel Cost Policies**
- **May not use same trading hub as Market Seller**
- **Incorrect incremental cost calculation**
- **Misuse of cost input terminology**
- **No verification of operating rate**

Issues Raised by IMM in FERC Docket

PJM Verification Process:

- **No use of IMM's cost input validation**
- **No stated standards for evaluating exceptions**
 - **Sufficient documentation of costs**
 - **Cost components accepted over \$1,000 per MWh (VOM?)**
- **No IMM input in verification process**

Issues Raised by IMM in FERC Docket

Demand Response:

- **No PJM or IMM validation**
- **Unclear standards**
- **Example costs may not be incremental costs**

Manual 11 Issues

Section 2.3.3

- **Lacks detailed consideration of hourly offers**
- **Multiple gas days in one electric day**
- **Multiple electric days for one gas day**
- **Demand Response not validated by PJM or IMM, even over \$2,000 per MWh**

Manual 11 Issues

Section 2.3.6.2

- **Unclear validation after day ahead offer deadline, but prior to rebid period or real time**
- **Unclear which offer used when an intraday update is rejected**
 - **previous offer or \$1,000 per MWh**

Manual 11 Issues

Exception Process Lacks Details:

- **Deadlines. Rejection if PJM cannot verify cost in time.**
- **Cost documentation standards**
- **Timing of information transfer to IMM**
- **Consideration of IMM input**
- **Use of previously validated information**

Manual 11 includes no screening or exception process for Demand Response Resources

Manual 11, Attachment C

- **Attachment C is not needed after the implementation of hourly and intraday offers.**
- **Attachment C should be deleted.**
- **Resources should only receive compensation for offered costs.**

Manual 11, Attachment D

- **Needs to state that PJM only provides compensation for costs verified by PJM and the IMM.**
- **Requires clarity that cost-based offer is the basis for compensation.**

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