

Intraday Offers Offer Capping Revisions

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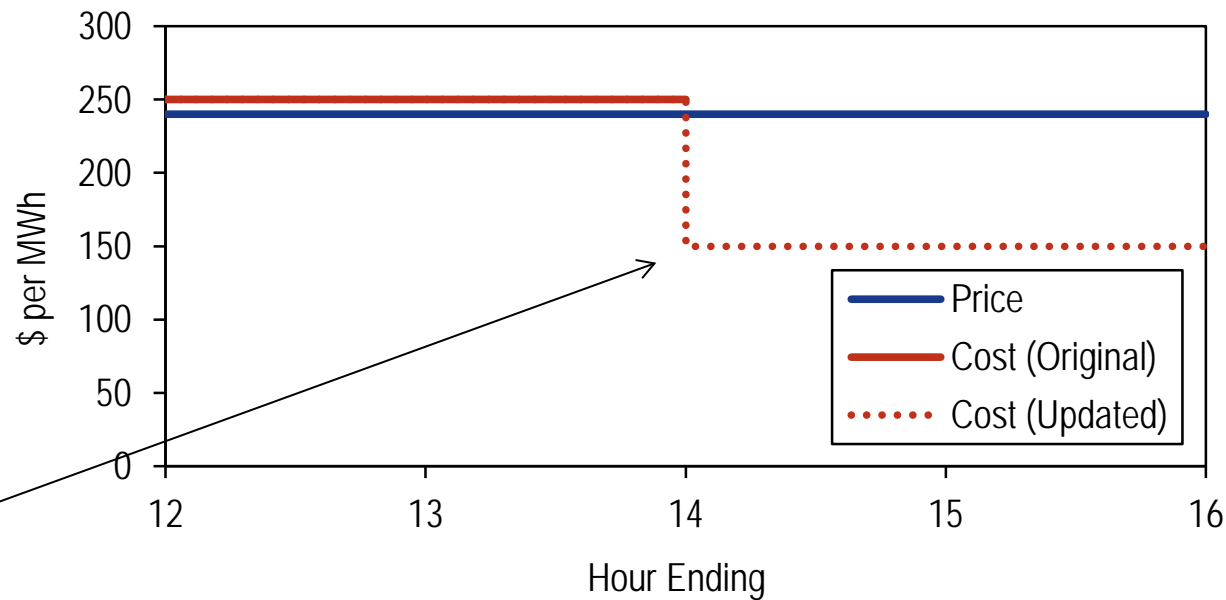


Intraday Offers Non-Conforming Tariff Revisions

- PJM and the IMM have agreed additional changes are needed to address offer capping of resources that update their offer after being committed
 - Approval for these changes is being sought separately from the conforming manual revisions
 - 1st read at September MIC & MRC
 - Vote at October MIC, **MRC & MC**
- Pending FERC approval, these changes would be implemented around January 1

- Units owned by Market Sellers that failed the TPS test are offer capped and placed on the cheaper of the price-based or cost-based schedule
 - Cheapest schedule is determined at the time of commitment
- With intraday offers, the schedule with the lowest cost can change when an offer is updated after the unit is committed.
 - Current rules prohibit re-applying the offer cap during a unit's DA commitment or minimum run time
 - *PJM and the IMM propose re-evaluating which schedule is cheapest and re-applying the offer cap when the offer is updated*

The unit will be committed on its price-based offer for HE 13 and 14 because it is lower than the cost-based offer and it will be dispatched on its cost-based offer for HE 15 and 16 because it is lower than the price-based offer. Market power mitigation will keep up with intraday updates.



By 1255, cost-based offer is updated for HE15 and 16.

- FERC's June 2016 order required PJM to apply market power mitigation to self-scheduled resources
- PJM filed these changes in August 2016, but did not exempt these units from the rule that prohibits rerunning the TPS test during a unit's DA commitment or minimum run time
- *PJM and the IMM propose a change to run the TPS test for every hour following the 1st hour of operation for units self-scheduled in the real-time energy market*
 - Due to ability to self-schedule with 20 minutes notice, such resources may not have the TPS test initially applied at the time of commitment