

~~OFFER CAPPING FOR RESOURCES SCHEDULED~~ PRIOR TO THE DAY AHEAD ENERGY MARKET

Issue Source

Initiated by PJM. Revised by the IMM.

Issue Content

Seeks to improve the existing process of offer capping of resources scheduled in advance of the Day-ahead Energy Market.

Key Work Activities

Phase 1

1. Provide education regarding existing processes for scheduling resources ahead of the Day-ahead Energy Market for resources that have greater and less than 24 hour start up and notification time parameters.
2. Review and consider updates to existing governing documents regarding offer capping of resources scheduled prior to the Day-ahead Energy Market.
3. Review and consider updates to existing governing documents regarding scheduling practices of resources scheduled in advance of the Day-ahead Energy Market.
4. Review and consider appropriate market power mitigation for resources committed prior to the Day-ahead Energy Market.
5. Consider alignment of process details among PJM governing documents.

Phase 2

1. Provide education regarding existing Fuel Cost Policy structures, including expected information by fuel type.
2. Review and consider updates to existing governing documents regarding inclusion of fuel costs in cost-based schedules for units scheduled in advance of the Day-ahead Energy.
3. Continue education regarding existing processes for scheduling resources ahead of the Day-ahead Energy Market:
 - a. Review PJM system conditions that trigger such process and notifications or alerts that inform market participants that this process will be implemented

- b. Commitment instructions (e.g. time to start, time to stop, MW level committed) given to resources with advanced commitments
- c. Inputs and models used by PJM to determine commitment, including defined commitment rules based on inputs including: unit offers, unit availability/outage status, operating parameters, interchange assumptions, load forecast, expected role of demand resources.
- d. Use of operational constraints not reflected in operating parameters (e.g. limited fuel or consumables inventories, limited run hours due to environmental permits, gas nomination cycles).
- 4. Review and consider documentation updates to provide transparency into the process of scheduling resources prior to the Day-Ahead Energy Market.
- 5. Updates of uplift calculations (including allocation) paid to units committed for multiple days.
- 2-6. Treatment in the Day-Ahead Energy Market of units committed by PJM prior to the Day-Ahead Energy Market.

Out of Scope

Day-ahead & Real-time offer capping.

Expected Deliverables

Deliverables will be incorporated in two phases.

Phase 1:

1. Proposed solution would identify the appropriate schedule and practices used to commit resources scheduled prior to the Day-ahead Energy Market with details updated in PJM's governing documents.

Corresponding revisions to the PJM Tariff or other governing document provisions consistent with the solution endorsed at the appropriate Standing Committee will be brought to the MRC and MC for review and endorsement. Proposed revisions to PJM Manuals conforming to the FERC approved solution will be brought to the appropriate Committees for review and endorsement.

Phase 2:

2. Enhance existing rules to more accurately reflect fuel costs in cost-based offers of resources that are scheduled prior to the Day-ahead Energy Market and to mitigate potential market power.



3. Documentation to provide transparency related to the process of scheduling resources in advance of the day-ahead market.

3.4. Update or create rules to address compensation of resources committed in advance of the day-ahead energy market, including uplift payments and settlements resulting from commitment cancellations.

Decision-Making Method

Tier 1, consensus (unanimity) on a single proposal (preferred default option).

Stakeholder Group Assignment

Phase 1 – MIC

Phase 2 – ~~MIC Cost Development Subcommittee~~

Expected Duration of Work Timeline

Phase 1: CBIR Light – this work is expected to begin in March and completed by May.

Phase 2: CBIR – this work is expected to begin in April and completed in six months.

Start Date	Priority Level	Timing	Meeting Frequency
2/5/2025	<input checked="" type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low	<input type="checkbox"/> Immediate <input checked="" type="checkbox"/> Near Term <input type="checkbox"/> Far Term	<input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly

Charter

(Check one Box)

<input type="checkbox"/>	This document will serve as the Charter for a new group created by its approval.
<input checked="" type="checkbox"/>	This work will be handled in an existing group with its own Charter (and applicable amendments).

More detail available in M34, Section 6