

Affiliated Fuel Supplier M15 Updates

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Market and Reliability Committee
August 19, 2026

- As part of PJM and IMM's standard of review of Fuel Cost Policies (FCP), quotes from a fuel supplier affiliated with the Generator Owner or energy manager for estimating fuel price is not permitted.
 - Coincides with IMM's position as stated in the 2022 State of the Market Report (Refer to page 132 on the link below)
https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2022/2022-som-pjm-sec3.pdf
 - Addresses potential for market manipulation due to affiliation between a Market Seller or its energy manager and the fuel supplier
 - Mitigate the risk of market manipulation by using fuel cost estimates from publicly available information that reflect market pricing

- Currently there are no approved FCP where this situation exists.
- PJM is proposing to explicitly memorialize this existing expectation in Manual 15 to provide transparency for all Market Sellers.
- This Issue was first brought to the MIC in January, 2026 and was worked through the committee as a CBIR Lite process.

- Add definition to Manual 15:
 - Affiliated Fuel Supplier
- Document existing standards in Manual 15 – See Matrix for detail
- No proposed changes to the current FCP review process

Note:

The PJM/IMM package is NOT a proposed change to the FCP review process. The intent of this package is to add language to Manual 15 to memorialize current PJM FCP review process.

- Add new section to M15, Section 2.2:

2.2.2.1 Affiliated Fuel Suppliers

Affiliated Fuel Supplier: An Affiliated Fuel Supplier is when the Fuel Supplier, Energy Manager and/or the Market Seller are owned by the same Parent Company.

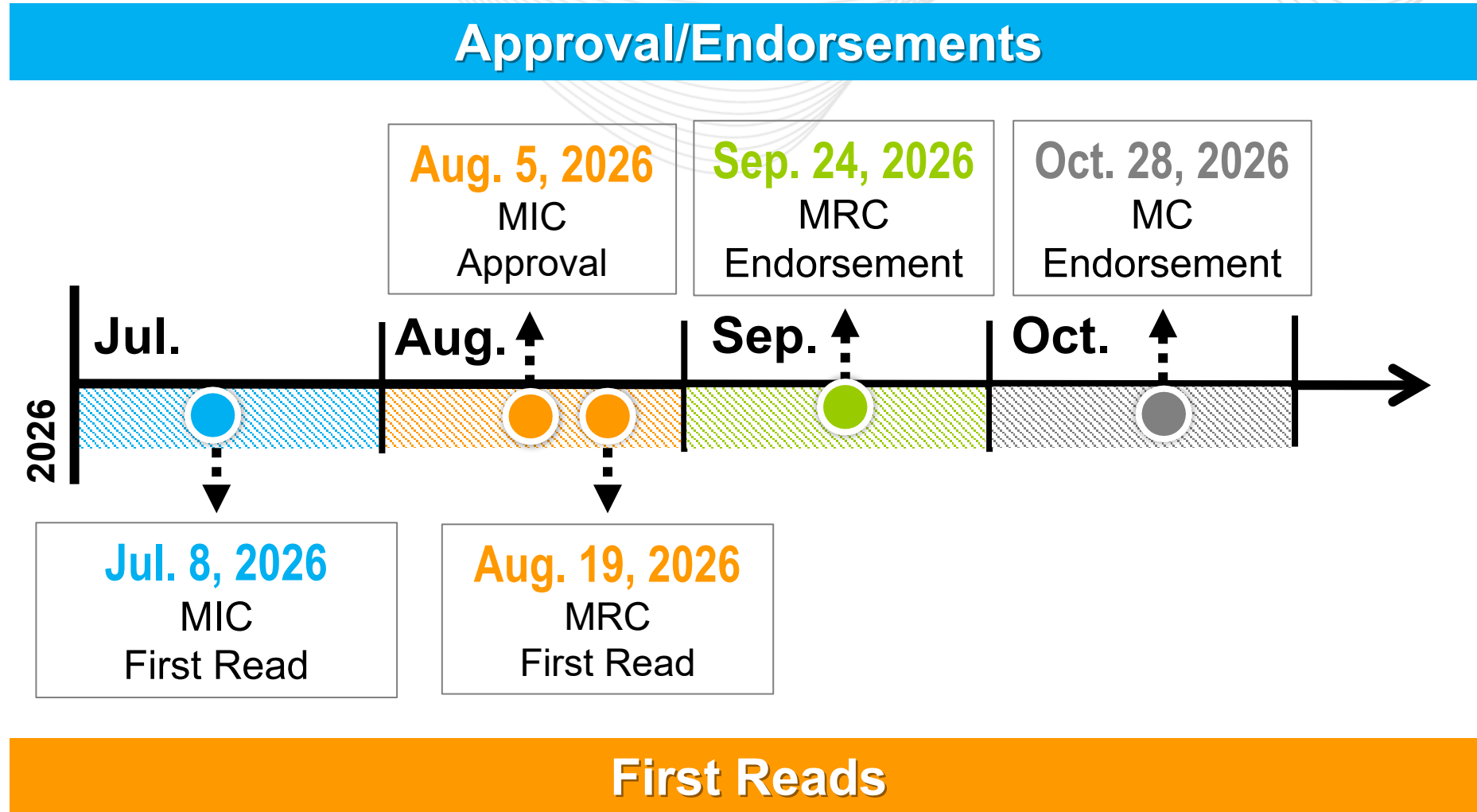
PJM only allows a quote from an affiliated fuel supplier for the estimated replacement cost if the quote is based on a transparent and verifiable methodology.

Affiliated fuel suppliers can provide estimated replacement costs in accordance with the Market Sellers' PJM approved FCPs using independent third party or publicly available market data.

If gas is purchased from an affiliate fuel supplier, the purchase price can be used in the market participant's cost-based offers.

Quotes from independent third parties or affiliated fuel supplier quotes based on a publicly available market data are acceptable.

If the Market Seller uses an affiliated fuel supplier, the fuel estimation methodology in the fuel cost policy must be a publicly available and verifiable source. Alternatively, a Market Seller that uses an affiliated fuel supplier may use an independent 3rd party quote.



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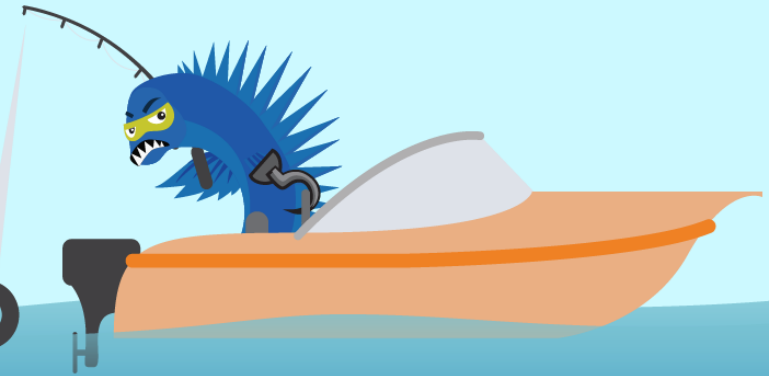
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