

Affiliated Fuel Supplier M15 Updates

Evaluating the Price, Not the Relationship

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What Happens When an Affiliated Quote Is Rejected?

PJM Proposal

- Rejects otherwise executable fuel prices solely because of affiliation
- Requires alternative pricing sources to be used instead
- Does not require the alternative price to be more accurate
- Changes how fuel costs are evaluated when affiliation exists



Question for MRC

Should fuel prices be evaluated based on who provided them or how accurately they reflect expected fuel cost?

Affiliation determines the source of the price, not its accuracy.

Which Price Better Reflects Expected Fuel Cost?

Affiliated Executable Quote

- Represents a price at which fuel can actually be procured
- Reflects expected fuel supply conditions
- Reflects basis, liquidity, and market risk
- Represents the actual fuel cost expected by the resource

Alternative Pricing Sources

- May rely on published index values
- May rely on third-party indications
- May not be executable
- May not reflect expected procurement cost

The replacement price should be shown to be more accurate, not simply unaffiliated.

Oversight Without Blanket Restrictions

PJM Approach

- Exclude affiliated pricing
- Use less accurate alternative pricing sources
- Address perceived concerns through categorical restriction

Tenaska Alternative

- Disclose affiliated relationships
- Place commitments on the record
- Preserve PJM and IMM oversight and enforcement authority
- Allow executable prices to be evaluated on their merits

Transparency and accountability can be achieved without automatic exclusion.

Questions to Consider Before You Vote

- 1 Is the replacement cost executable?

- 2 Does affiliation alone determine whether a fuel price is verifiable?

- 3 Is automatic exclusion necessary if transparency and oversight are available?

- 4 Has PJM demonstrated that the replacement price is more accurate?

VOTE AGAINST THE PJM PRIMARY PROPOSAL

SUPPORT THE TENASKA ALTERNATIVE

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