7.3.6 Determination of Winning Bids and Clearing Price.

(a) At the close of the bidding period each month, the Office of the Interconnection will create a base Fixed Transmission Rights power flow model that includes all outstanding Fixed Transmission Rights that have been approved and confirmed for any portion of the month for which the auction was conducted and that were not offered for sale in the auction. The base Fixed Transmission Rights model also will include estimated uncompensated parallel flows into each interface point of the PJM Control Area and estimated scheduled transmission outages.

(b) In accordance with the requirements of Section 7.4 of this Schedule and subject to all applicable transmission constraints and reliability requirements, the Office of the Interconnection shall determine the simultaneous feasibility of all outstanding Fixed Transmission Rights not offered for sale in the auction and of all Fixed Transmission Rights that could be awarded in the auction for which bids were submitted. The winning bids shall be determined from an appropriate linear programming model that, while respecting transmission constraints and the maximum MW quantities of the bids and offers, selects the set of simultaneously feasible Fixed Transmission Rights with the highest net total auction value as determined by the bids of buyers and taking into account the reservation prices of the sellers. In the event that there are two or more identical bids for the selected Fixed Transmission Rights and there are insufficient Fixed Transmission Rights to accommodate all of the identical bids, then each such bidder will receive a pro rata share of the Fixed Transmission Rights that can be awarded.

(c) Fixed Transmission Rights shall be sold at the market-clearing price for Fixed Transmission Rights between specified pairs of receipt and delivery points, as determined by the bid value of the marginal Fixed Transmission Right that could not be awarded because it would not be simultaneously feasible. The linear programming model shall determine the clearing prices of all Fixed Transmission Rights paths based on the bid value of the marginal Fixed Transmission Rights, which are those Fixed Transmission Rights with the highest bid values that could not be awarded fully because they were not simultaneously feasible, and based on the flow sensitivities of each Fixed Transmission Rights path relative to the marginal Fixed Transmission Rights paths flow sensitivities on the binding transmission constraints.

7.3.7 Announcement of Winners and Prices.

Within two (2) business days after the close of an auction, the Office of the Interconnection shall post the winning bidders, the megawatt quantity, and the receipt and delivery points for each Fixed Transmission Right awarded in the auction and the price at which each Fixed Transmission Right was awarded. Results of the on-peak auction and off-peak auction will be posted separately. The Office of the Interconnection shall not disclose the price specified in any bid to purchase or the reservation price specified in any offer to sell.

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7.3.8 Auction Settlements.

All buyers and sellers of Fixed Transmission Rights between the same points of receipt and delivery shall pay or be paid the market-clearing price, as determined in the auction, for such Fixed Transmission Rights.

7.3.9 Allocation of Auction Revenues.

All auction revenues, net of payments to entities selling Fixed Transmission Rights into the auction, shall be allocated among the Regional Transmission Owners in proportion to their respective transmission revenue requirements.

7.4 Simultaneous Feasibility.

The Office of the Interconnection shall make the simultaneous feasibility determinations specified herein using appropriate powerflow models of contingency-constrained dispatch. Such determinations shall take into account outages of both individual generation units and transmission facilities and shall be based on reasonable assumptions about the configuration and availability of transmission capability during the period covered by the auction that are not inconsistent with the determination of the deliverability of Capacity Resources under the Reliability Assurance Agreement. The goal of the simultaneous feasibility determination shall be to ensure that there are sufficient revenues from Transmission Congestion Charges to satisfy all Fixed Transmission Rights obligations for the auction period under expected conditions.