Order 831: Energy Offer Verification Roadmap

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Overview

- **FERC Order 831 “Offer Caps”:**
  - **Validation of cost of incremental energy offers** that exceed $1,000/MWh before the unit is allowed to set LMP
  - Maximum incremental cost allowed to set LMP at $2,000/MWh

  “… ensure that a resource’s cost-based incremental energy offer reasonably reflects that resource’s actual or expected costs.”

- **Ex ante Validation implementation** November 1st, 2017 with IDO
11/9 : FERC largely accepts filing, requests additional details

12/11 : PJM submits latest compliance filing for Order 831
  – No effective date for implementation was given by the FERC

PJM continues to work with vendor with March 2018 expectation
## Offer Verification “Screen”

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<th>Potential December 2017</th>
<th>March 2018 Automatic Offer Verification Process</th>
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| • Cost Offers > $1,000 will be rejected in Markets Gateway  
  • Market Seller must submit an offer equal to $1,000 in Markets Gateway, and provide PJM an excel template with the desired offer curve through SharePoint (Most up-to-date contacts in CAM) | • Automated screen applied in Markets Gateway at time of offer submission  
  • Cost Offers > $1,000 will be capped at the greater of $1,000, or the price on the most expensive verified segment on the curve |

## Exception Process

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| • If the offer does not pass the verification screen, Market Sellers must submit documentation that supports cost offers > $1,000  
  • Market Seller to provide to PJM (completed excel template and documentation to support expected or actual fuel costs)  
  • Approval/Rejection answer sent to Market Seller | |
Offer Verification Information

• Energy Offer Verification Page

• Frequently Asked Questions

• Training – September 2017