

Proposal M was originally put forward by PJM and subsequently withdrawn. Proposal M was reintroduced **without modification** by a stakeholder and is intended to address the desire for additional netting by market participants to minimize their exposure to uplift. The package is in general derived from the MISO RSG allocation approach but is a simplified approach. There are no proposed changes to the allocation of uplift in the Day Ahead Market or that which is paid to resources called for reliability reasons.

Changes from the status quo in Proposal M:

Create separate energy and transmission buckets of BOR that will be allocated differently. Notwithstanding reliability commitments, proposal M proposes to take the BOR charges currently allocated to deviations and split those uplift dollars into an energy bucket and a transmission bucket to be allocated separately.

Energy Bucket Allocation: The quantity of uplift paid to resources committed economically to provide energy would be allocated to entities with a different systemwide net position in real-time than in day-ahead. That net position would be determined as the difference between the net energy position in the Day Ahead Market versus the net energy position in real-time. Any difference between these positions would be allocated a pro-rata share of the uplift costs in the energy bucket. In the determination of the system-wide net energy position in the Day Ahead Market and in real-time, each market participant's purchases and sales would be netted on an RTO-wide basis.

Transmission Bucket Allocation: The quantity of uplift paid to resources committed to resolve transmission constraints would be allocated to entities with a different nodal net position in real-time than in day-ahead. That net position would be determined as the difference between the net energy position in the Day Ahead Market versus the net energy position in real-time for each node on the system. Any difference between these positions at each node would be allocated a pro-rata share of the uplift costs in the energy bucket. In the determination of the nodal net energy position in the Day Ahead Market and in real-time, each market participant's purchases and sales would be netted on nodal basis. All UTCs and netted INC/DECs would be allocated uplift from the transmission bucket.