

# MIC FCP Special Session Phase 1 Proposal

MIC

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# MMU Proposal Summary

- **Eliminate annual review process. Current continuous review remains in place.**
- **MMU/PJM sequential FCP review.**
- **Cost offers of units without approved FCPs will be set to zero.**
- **Increased penalty when impact to market is more likely.**
- **Decreased penalty when impact on market is less likely.**
- **Decreased penalty for self identification.**



# FCP Review

- **Elimination of FCP annual review.**
  - **Policies will remain in effect until:**
    - Replaced by a new policy.
    - Expiration date.
    - PJM revocation.
- **The current continuous review of FCPs will remain in place.**
- **Market Sellers will continue to be able to submit a new FCP anytime.**



# FCP Review

- **IMM/PJM review will be sequential:**
  - **IMM will have 10 business days to review FCP, extended by 5 business days after Market Seller revision.**
  - **PJM will have 10 business days to review FCP, extended by 5 business days after Market Seller revision.**
  - **At anytime during the IMM review, the Market Seller can request that PJM begin their review prior to completion of the IMM review or that PJM delay the review until after the completion of the IMM review.**

# FCP Requirement

- **Any Market Seller submitting nonzero cost-based offers must have an approved FCP.**
- **Cost-based offers of units without an approved FCP will be set to zero. All three parts (incremental cost curve, no load cost and start cost) will be set to zero in Markets Gateway for units without an approved FCP (this includes units with revoked FCPs).**



# Proposed Penalty – Impact Factor

- 1. Maintain current penalty when unit fails local/aggregate TPS test or offered above \$1,000 per MWh.**
- 2. Increase the current penalty (2X) when unit clears DA or runs RT on cost-based offer with error and:**
  - Sets the LMP (marginal) or
  - Receives make whole payments or
  - Offered above \$1,000/MWh.
- 3. Decrease the current penalty (0.1X) when these two conditions do not apply.**

# Proposed Penalty – Self Identified Factor

- **If generation owner informs PJM/IMM of error in FCP, and:**
  - **If neither of the impact conditions apply, 50 percent discount from penalty.**
  - **If one or both of the impact conditions apply, 25 percent discount from penalty.**



# Possible Outcomes

Penalty Condition	IMM/PJM Identified (percent of current penalty)	Self Identified (percent of current penalty)
1. (Unit Cleared DA or Ran RT on cost offer with error) and (Was Marginal or Received Make Whole Payment or Offered above \$1,000/MWh)	200%	150%
2. Unit Failed Local TPS Test or Aggregate TPS Test or Offered above \$1,000/MWh	100%	75%
3. If 1 and 2 do not apply	10%	5%





# Example

- **Unit Output = 500 MW.**
- **Average RT LMP = \$40/MWh.**
- **Current penalty would be \$24,000.**

Penalty Condition	IMM/PJM Identified	Self Identified
1. (Unit Cleared DA or Ran RT on cost offer with error) and (Was Marginal or Received Make Whole Payment or Offered above \$1,000/MWh)	\$48,000	\$36,000
2. Unit Failed Local TPS Test or Aggregate TPS Test or Offered above \$1,000/MWh	\$24,000	\$18,000
3. If 1 and 2 do not apply	\$2,400	\$1,200



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