

Reference Levels would:

- Reduce administrative burden on market participants, PJM, and IMM:
 - Day to day process of calculating Cost-Based Offers and responding to questions from the IMM, and
 - Periodic process of updating Fuel Cost Policies and addressing concerns from both PJM and the IMM.
- Reduce compliance risk.

There is a lot of process involved in current Fuel Cost Policy and Cost-Based Offer construct, all for the purpose of figuring out what mitigated offers should be IF a resource is mitigated. Offers are actually mitigated very infrequently because the energy market is very competitive.

PJM should consider Reference Levels, which give a reasonable estimate of costs with a more standardized process, and thus eliminate a lot of work that goes unused.