



Effective Date	1/16/2015
Impacted Manual #(s)/Manual Title(s):	
Manual 11: Energy and Ancillary Services Market Operations Manual 28: Operating Agreement Accounting	
Conforming Order(s):	
Docket No. EL15-31-000	
Associated Issue Tracking Title:	Offer Cap Review
Committee Approval Path - What committee(s) have already seen these changes?	
The MRC will see these manual revisions for the first time on 1/22/2015.	
MRC 1st read date:	1/22/2015
MRC voting date:	1/26/2015
Impacted Manual sections:	
M11: Section 2: Overview of PJM Energy Markets: 2.3.3 Market Sellers 2.9 The Calculation of Locational Marginal Prices during Reserve Shortages 2.14.1 Maximum Emergency Generation in the Day-Ahead Market Manual 28: Section 5: Operaint Reserve Accounting 5.2.1 Credits for Pool-Scheduled Generating Resources	
Reason for change:	
After a long stakeholder process through the Cap Review Senior Task Force where no consensus was reached, PJM submitted a Section 206 filing to FERC to allow cost-based offers in the energy market to set price up to \$1,800/MWh through March 2015 (currently all energy offers are capped at \$1000). The filing further proposed allowing generators to recover justifiable costs beyond \$1,800/MWh through make-whole payments. The ten percent adder in cost offers is limited to the lower of 10% or \$100.	
Summary of the changes:	

The generator cost based offer cap is raised from \$1,000 to \$1,800/MWh for January 16, 2015 - March 31, 2015. Cost-based offers may be calculated and offered into the Day-Ahead energy market up to \$1,800, however the cost-based adder included in such an offer is limited to the lesser of 10% or \$100/MWh. Price-based energy offers can rise above \$1,000 simultaneously with cost-based offers to avoid inappropriate market signals