



DATE: March 20, 2017
TO: PJM Members
FROM: IMM
SUBJECT: IMM redline against PJM changes made for 03.23.17 MRC

The IMM recommends the following edits to the Manual 15 language describing PJM's annual fuel cost policy review process. These are the same edits previously posted for the 03.23.2017 MRC meeting, but this version is redlined against PJM's revisions which were posted for the 03.23.2017 MRC, in order to make the remaining differences clear. PJM's changes are in red and the IMM's changes are in blue.

2.3.1.1 Annual Review

On an annual basis, all Market Sellers will be required to either submit to PJM and the MMU an updated Fuel Cost Policy that complies with Operating Agreement, Schedule 2 and this manual, or confirm that their currently effective and approved Fuel Cost Policy remains compliant. Market Sellers must submit such information by no later than June 15 of each year. The MMU shall ~~review~~ evaluate the Fuel Cost Policy, and shall consult with the Market Seller, to determine whether the Fuel Cost Policy raises market power concerns in accordance with Attachment M Sections IV.D-1, IV.E-1, and Appendix II.A. The MMU shall provide the results of its ~~review~~ evaluation to PJM and the Market Seller, in MIRA and in writing, by no later than August 1. The MMU shall provide its input to PJM in writing, which will include the MMU's recommendation as to whether PJM should approve the Fuel Cost Policy. PJM shall consult with the MMU, and consider any input timely received from the Market Monitoring Unit, in its determination of whether to approve a Market Seller's updated Fuel Cost Policy. After it has completed its evaluation of the request, PJM shall notify the Market Seller in writing, with a copy to the MMU, of its determination whether the updated Fuel Cost Policy is approved or rejected by no later than November 1. If PJM rejects a Market Seller's updated Fuel Cost Policy, in its written notification, PJM shall provide an explanation for why the Fuel Cost Policy was rejected. If a Market Seller desires to update its Fuel Cost Policy, or PJM determines either on its own or based on input received from the MMU, the Market Seller must update its Fuel Cost Policy using the outside of the annual review process. The Market Seller shall follow the applicable processes and deadlines specified in Operating Agreement, Schedule 2 and this manual. All PJM-approved Fuel Cost Policies will have an effective date and will be in effect until superseded or revoked. PJM shall notify the Market Seller as to the effective date of the approved Fuel Cost Policy.

During the annual review process, PJM and the MMU will ~~jointly~~ review any policy submitted along with the supporting documentation. Market Sellers shall have five (5) Business Days to provide additional documentation or information on any request from PJM or the MMU. If the Market Seller does not believe it can provide the information within (5) Business Day timeframe, it can request an alternative deadline ~~from PJM~~ for submission of the data ~~from PJM~~ no later than one (1) Business Day before the due date of the request for additional data. If PJM consents to extend the deadline, PJM will advise the Market Seller and the MMU of the new deadline. ~~If the MMU advises that the request should be subject to the PJM deadline, the MMU will inform PJM of such request at the time it is made.~~ Failure to meet a data request deadline may result in PJM rejecting the policy. If PJM rejects a Market Seller's updated Fuel Cost Policy, PJM must include an explanation for why the Fuel Cost Policy was rejected in its written notification and will establish a deadline for all required updates to the policy. If the current policy under review is rejected, the Market Seller will continue to use the previously approved Fuel Cost Policy unless a previously approved policy does not exist in which case a penalty will be assessed as described in PJM's Operating Agreement, Schedule 2.