



MINUTES

MARKET MONITORING UNIT ADVISORY COMMITTEE

LOCATION: CONFERENCE AND TRAINING CENTER, PJM INTERCONNECTION

DATE: FRIDAY, DECEMBER 4, 2015, 10:00 AM

These notes are from the seventh meeting of the Market Monitoring Unit Advisory Committee (MMUAC), established pursuant to Section III.H of Attachment M of the PJM Open Access Transmission Tariff, effective August 1, 2008. Section III.H provides that the MMUAC “act as a liaison between stakeholders and the MMU” and that it “provide advice from time to time on matters relevant to the MMU’s responsibilities under this [PJM Market Monitoring] Plan.”

1. ADMINISTRATION

The Chair, Dr. Bowring, opened the meeting and took roll.

2. REQUEST FOR STAKEHOLDER FEEDBACK

Dr. Bowring provided an overview of the IMM’s activities in 2015, and solicited and responded to questions and comments from stakeholders concerning the IMM’s implementation of the PJM Market Monitoring Plan.

Attendees inquired about the current status of interface pricing along PJM/MISO seams. Dr. Bowring outlined the IMM’s understanding of the status of seams discussions between PJM and MISO. He explained the IMM’s position on the optimal seams management approach, which would resemble the dispatch of a single combined RTO. The nature of the MISO capacity market was also discussed.

Dr. Bowring explained the IMM’s position on the recent FERC NOPR regarding connected entities (RM16-23). Participants shared their views, particularly about the potential compliance burden.

A number of other topics were briefly addressed, including the IMM’s position on SPP’s filing to change the cost basis for mitigation, payments to DR and the definition of performance assessment hours (PAH) in CP market design.

At the end of the meeting, Mr. Pratzon indicated that it would be helpful in future MMUAC meetings for the IMM to outline areas of interest for research during the following year.

3. ROLES OF THE IMM AND PJM IN REVIEWING INPUTS TO MITIGATION

Mr. Mayes discussed the respective roles of the IMM and PJM in the review of inputs to market power mitigation set forth in Section 12A of the OATT and other tariff provisions. Mr. Mayes explained that under Schedule 12A, PJM reviews offers for compliance with the tariff and rejects

offers that do not comply. In contrast, the IMM reviews offers for market power but only action by the Commission can prevent such offers. The principle is that participants are responsible for their own offers, but must participate in a review process that allows the IMM to state its position on such offers ex ante.

In response to participant questions concerning issues in pending docket no ER16-76, Mr. Mayes explained the IMM's position on the need for approved fuel cost policies as a condition for allowing cost-based offers above \$1,000.

4. OVERVIEW OF MITIGATION IN THE ENERGY MARKET

Dr. Haas discussed and answered questions concerning mitigation in the energy market, including, specifically, the mechanics of the Three Pivotal Supplier test.

In response to inquiries from participants, Dr. Haas explained how a supplier with a relatively small market share that failed the TPS test could independently exercise market power absent market power mitigation.

5. FUEL COST POLICIES

Mr. Brownell discussed the development of fuel cost policies. Mr. Brownell explained that such policies could take many forms, but must be verifiable, algorithmic and systematic to be accepted.

Participants asked for additional guidance on the content required for an acceptable fuel cost policy and asked the IMM to post examples of an acceptable policy.

6. MARKET POWER MITIGATION IN RPM UNDER CAPACITY PERFORMANCE

Dr. Bowring discussed the approach to market power mitigation in the new Capacity Performance RPM market design.

7. FUTURE MEETINGS

The membership did not indicate support for meeting more frequently than annually. Accordingly, the MMUAC plans to meet late in 2016 at a time and place to be determined.

Attendance

In Person

Last Name	First Name	Company Name	Email Address
Anders	David	PJM Interconnection	David.Anders@pjm.com
Bowring	Joe	Monitoring Analytics	joseph.bowring@monitoringanalytics.com
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Trayers	Barry	Citigroup Energy, Inc.	barry.trayers@citi.com
Tribulski	Jennifer	PJM Interconnection, L.L.C.	Jennifer.Tribulski@pjm.com

Teleconference

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