

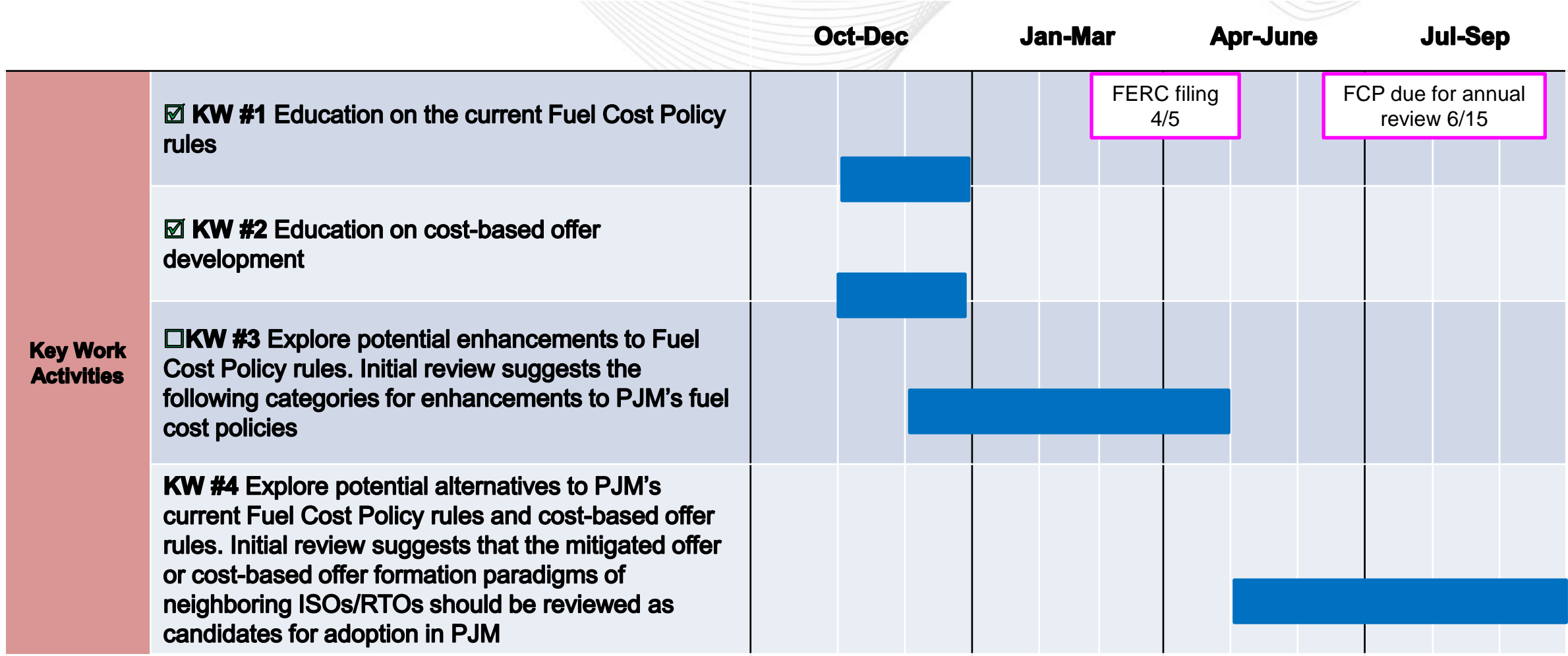


# Fuel Cost Policy Enhancements

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Market Implementation Committee  
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Action Required	Deadline	Who May Be Affected
<p>Communicate changes in Fuel Cost Policy annual review process</p> 	<p><b>6/15/2019</b></p> 	<p>Market Sellers</p> 

- All Market Sellers are required to have a PJM-approved Fuel Cost Policy (FCP) for each fuel type
- Annually, Market Sellers are required to either submit to PJM and the IMM an updated FCP that complies with OA Schedule 2 or confirm that their currently approved FCP remains compliant
- Based on two years of experience with the FCP process, there are opportunities for potential improvements to the rules and process governing FCPs.



- ❑ KW#3: Explore potential enhancements to Fuel Cost Policy rules. Initial review suggests the following categories for enhancements to PJM's fuel cost policies:
  - ❑ Requirement for zero marginal cost offer units (e.g., wind and solar) to have Fuel Cost Policies;
  - ❑ Requirement for self-scheduled units to have Fuel Cost Policies;
  - ✅ ***Need for Market Sellers, on an annual basis, to confirm that their annual Fuel Cost Policy remains compliant;***
  - ❑ Lack of a penalty exemption and/or safe harbor for minor violations in a Market Sellers' Fuel Cost Policy, and/or lack of appropriate crediting mechanism for a market-seller's self-report of a potential Fuel Cost Policy violation.

- Remove requirement for Annual Review of Fuel Cost Policies.
- ‘Outside of Annual Review’ process will be renamed to Fuel Cost Policy review process.

Note: Annual review of maintenance and emission adders would continue as status quo

- The removal of annual review reduces administrative burden on Market Sellers, PJM and the IMM
- Proposal supported by IMM and PJM.
- Proposal needs to be filed at FERC by 4/5 to remove the annual review requirement for 2019.
- *Continued discussions at MIC Special Sessions on other KW#3 activities*

	<b>MIC</b>	<b>MRC</b>	<b>MC</b>
First Read	2.6.2019	2.21.2019	
Endorsement	3.6.2019	3.21.2019	3.21.2019