

Potential Compromise Proposal

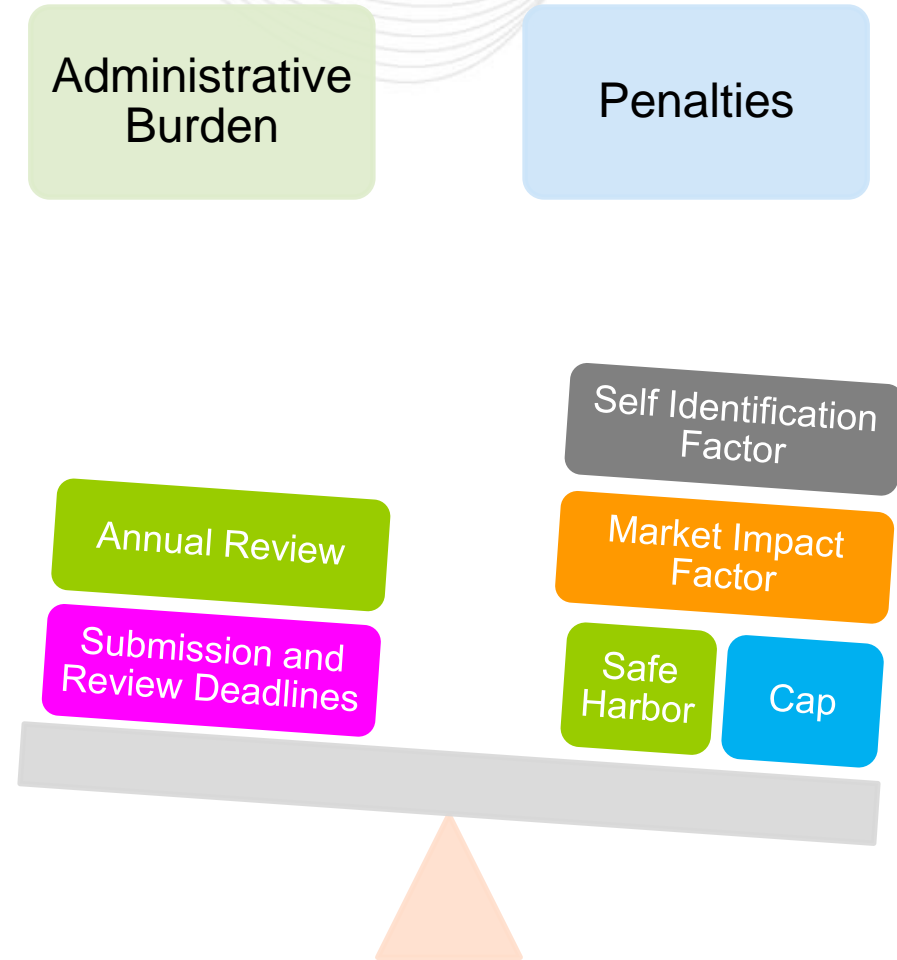
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Operations Analysis & Compliance
MIC Special Session: Fuel Cost
Policy Enhancements
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Alleviate the administrative burden of the Annual Review

Reevaluate penalty structure for non-compliant cost-based offer

Determine if there is a better way to address mitigated offers

PJM's Understanding of Stakeholder Priorities

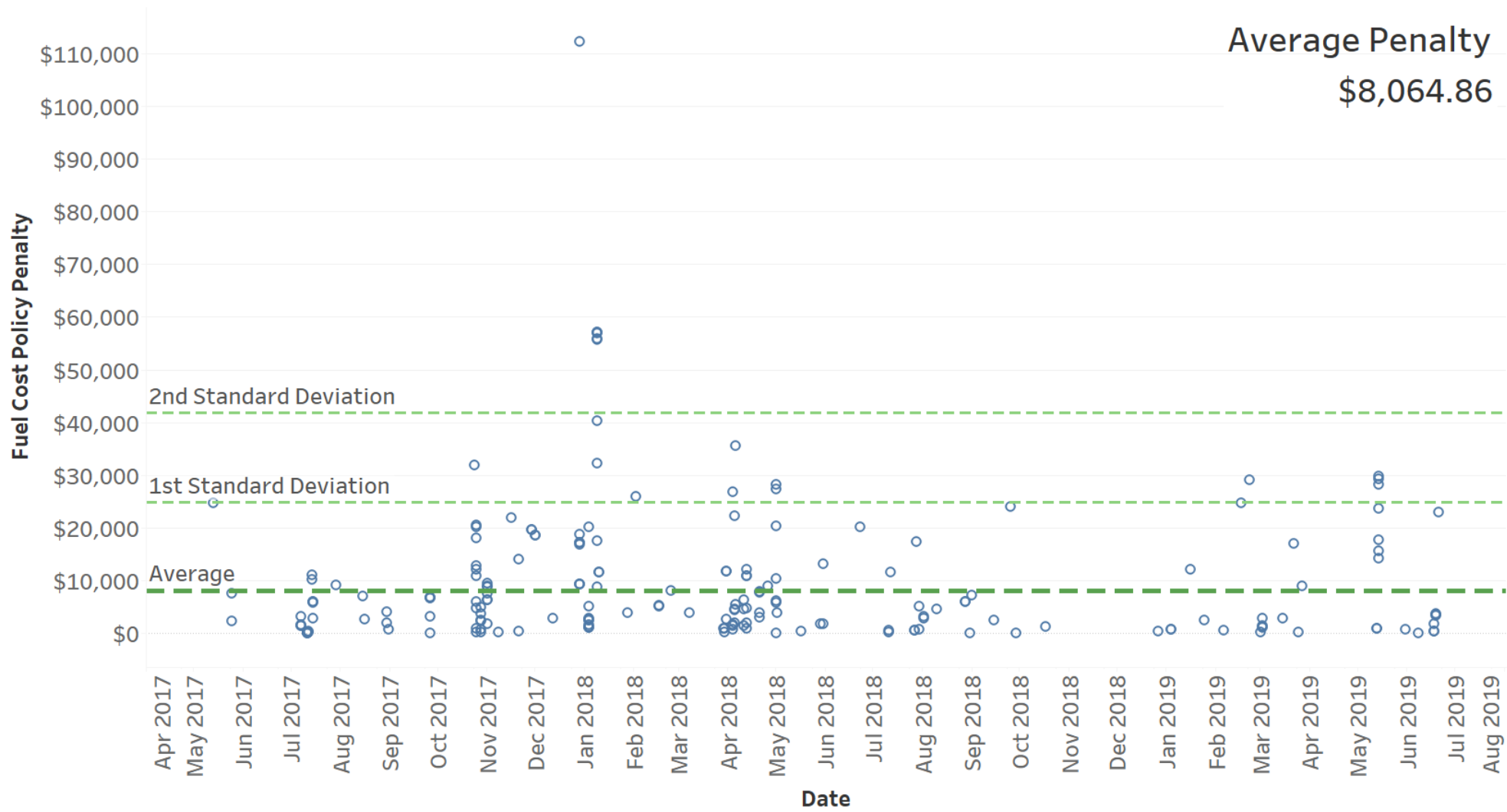


- Market Seller Identified Factor
- Market Impact Factor
- Annual Review Modifications
- Submission & Review Deadlines

- Safe Harbor
 - Creates incentive to provide less detailed policies
 - PJM works with Market Sellers during Annual Review to address illiquid scenarios
- Cap
 - Cap built into the existing penalty
 - Compromise proposal offers averaging available MWs and LMPs for duration of penalty



Penalties Issued Since 2017



A large inverted triangle divided into three horizontal sections. The top section is light green, the middle is light blue, and the bottom is light orange. Each section contains text centered within it.

**Impact Factor and Self
Identified Errors**

**Policy Rules and
Requirements**

Deadlines