

#### **2.4 Revocation of Approved Fuel Cost Policies**

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PJM may, with input and advice timely received from the Market Monitoring Unit and following discussion with the Market Seller, revoke its approval of a Fuel Cost Policy, and Market Seller shall be required to submit a new Fuel Cost Policy for approval pursuant to the process and deadlines set forth in PJM Manual 15, if any of the following conditions exist:

- A. The Fuel Cost Policy contains one or more provisions that render it impossible to determine fuel cost. Examples include, but are not limited to, expiration of the fuel supply contract or power purchase agreement that underlies the fuel cost; a pricing point that has been illiquid for a period of three or more months; or inclusion of an adder that has been reduced or removed.
- B. There is an inappropriate business relationship between the Market Participant and the fuel supplier or energy manager. An example includes, but is not limited to, an affiliation between the Market Participant and its fuel supplier which ~~cannot be shown to be arm's length~~ can be shown to have influenced fuel prices to a non-competitive value.
- C. The Fuel Cost Policy is not reflective of persistent pricing or procurement practices. Examples include, but are not limited to, a dual fuel-capable unit that only has a Fuel Cost Policy for one fuel type but runs the unit on a cheaper fuel not referenced in its Fuel Cost Policy or the Market Participant has been sourcing fuel from a lower priced point not described in its Fuel Cost Policy.

If PJM revokes a Market Seller's previously approved Fuel Cost Policy, PJM shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, and include an explanation for the revocation. Upon revocation of a Fuel Cost Policy, the penalty referenced in Operating Agreement, Schedule 2, section 5(a) below shall apply beginning on the day after PJM issues the written notification of revocation to the Market Seller, with no additional requirement for PJM to provide any further notice to the Market Seller.