

IMM MBR Challenges

MMUAC

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Market-based Rates

- **All PJM market sellers must have FERC approval to sell at market-based rates, instead of cost-based rates. MBR authority is reviewed every three years.**
- **Sellers rely on PJM market power mitigation as the sole justification for market-based rates.**
- **The MBR process allows for challenges to the assumption that PJM's market power mitigation is sufficient to prevent exercises of market power.**
- **The IMM has shown that exercises of market power are possible in PJM.**
- **The IMM has challenged sellers' MBRs.**

IMM MBR Challenges

- **21 Interventions**
 - **15 Triennial Review for Non-Transmission Owners**
 - **6 New Units**
- **10 Responses to Answers**



Order 861 at P21

- **“Public Citizen is mistaken in its view that challengers to a market-based rate filing would have to lodge their objections with the relevant RTO/ISO tariff in a different proceeding.³⁷ Any objections to a Seller’s market-based rate authority can and should occur as a direct response to an initial application, a change in status filing, a triennial update, or in a proceeding instituted under FPA section 206.³⁸”**

Order 861 at P22

- **“For example, PJM IMM notes that its quarterly State of the Market reports contain a comprehensive listing of market power concerns.³⁹ Anyone may use this information in support of a challenge to a Seller’s market-based rate authority.”**

Unaddressed Market Power Mitigation Issues

- **Capacity Market Seller Offer Cap**
- **Energy market offer capping**
 - **Crossing curves avoid offer capping**
 - **Markup on cost offer avoids parameter mitigation**
- **Real-time values can be used to avoid parameter mitigation.**
- **Fast-start pricing run has no TPS test.**
- **New: PJM should offer cap resources after commitment with online TPS test to ensure resources with market power are mitigated.**

Overstated RPM Offer Cap

LDA	Product Type	Actual Auction Results		Noncompetitive Offers capped at net ACR	
		Clearing Prices (\$ per MW-day)	Cleared UCAP (MW)	Clearing Prices (\$ per MW-day)	Cleared UCAP (MW)
RTO	Annual	\$140.00	162,911.8	\$124.40	163,416.6
	Summer	\$140.00	715.5	\$124.40	715.5
	Winter	\$140.00	715.5	\$124.40	715.5
RTO Total			163,627.3		164,132.1
ATSI	Annual	\$171.33	8,007.3	\$169.65	8,013.1
	Summer	\$171.33	6.3	\$169.65	6.3
	Winter	\$171.33	0.0	\$169.65	0.0
ATSI Total			8,007.3		8,013.1
EMAAC	Annual	\$165.73	29,287.5	\$155.93	29,363.9
	Summer	\$165.73	88.0	\$155.93	87.9
	Winter	\$165.73	1.0	\$155.93	1.0
EMAAC Total			29,288.5		29,364.9
PSEG	Annual	\$204.29	5,366.6	\$204.29	5,366.6
	Summer	\$204.29	9.3	\$204.29	9.3
	Winter	\$204.29	1.0	\$204.29	1.0
PSEG Total			5,367.6		5,367.6
BGE	Annual	\$200.30	1,937.7	\$124.40	2,492.0
	Summer	\$200.30	85.0	\$124.40	84.6
	Winter	\$200.30	0.0	\$124.40	0.0
BGE Total			1,937.7		2,492.0
ComEd	Annual	\$195.55	22,083.6	\$130.04	22,421.0
	Summer	\$195.55	274.5	\$130.04	274.5
	Winter	\$195.55	274.5	\$130.04	274.5
ComEd Total			22,358.1		22,695.5
DEOK	Annual	\$140.00	2,733.3	\$128.47	2,636.3
	Summer	\$140.00	25.4	\$128.47	25.2
	Winter	\$140.00	0.0	\$128.47	0.0
DEOK Total			2,733.3		2,636.3

Unmitigated Real-Time Markups

Markup Category	Not Failing TPS Test	Failing TPS Test	Percent in Category
Negative Markup	32.7%	6.4%	39.1%
Zero Markup	10.8%	3.7%	14.6%
\$0 to \$5	34.6%	5.3%	39.8%
\$5 to \$10	3.9%	0.4%	4.3%
\$10 to \$15	0.6%	0.1%	0.7%
\$15 to \$20	0.3%	0.0%	0.3%
\$20 to \$25	0.5%	0.0%	0.5%
\$25 to \$50	0.4%	0.0%	0.4%
\$50 to \$75	0.1%	0.0%	0.1%
\$75 to \$100	0.0%	0.0%	0.1%
Above \$100	0.1%	0.1%	0.1%
Total Positive Markup	40.3%	6.0%	46.3%
Total	83.8%	16.2%	100.0%

Parameter Mitigation

	Day-ahead Unit Hours	Percent Day- ahead Unit Hours
Day-ahead commitment during hot and cold weather alerts		
Committed on price schedule less flexible than PLS	31,736	28.5%
Committed on price schedule as flexible as PLS	30,101	27.0%
Total committed on price schedule without parameter limits	61,837	55.4%
Committed on cost (cost capped)	3,228	2.9%
Committed on price PLS	46,485	41.7%
Total committed on PLS schedules (cost or price PLS)	49,713	44.6%

	Day-ahead Unit Hours	Percent Day- ahead Unit Hours
Day-ahead commitment for units that failed TPS test		
Committed on price schedule less flexible than cost	26,020	30.6%
Committed on price schedule as flexible as cost	8,220	9.7%
Total committed on price schedule without parameter limits	34,240	40.2%
Committed on cost (cost capped)	49,841	58.6%
Committed on price PLS	1,013	1.2%
Total committed on PLS schedules (cost or price PLS)	50,854	59.8%

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