

Financial Marketers Coalition
EMU Proposal #1
Executive Summary

The Financial Marketers Coalition (“FMC”) proposes that PJM base any uplift costs on cost allocation principles. To determine appropriate parameters for the allocation of costs to various products and market participants, FMC strongly recommends that PJM perform a cost allocation study to determine the relative contributions of various products and market participants to uplift. MISO has done such a study, which can provide some guidance to PJM.¹

We propose:

- A tiered, RTO-wide rate;
- Separate on-peak and off-peak rates;
- With costs determined proportionately based on cost causation;
- True-up every 6 months;
- Flat rate for load/gen with partial crediting for bidding into DA;
- Marginal loss surplus helps to cover extreme outlier months.

In the absence of a PJM cost causation study, we propose the following break-down to allocate costs:

- Load == 23%
- Generation == 39%
- Interchange transactions == 30%
- Virtual transactions == 1.3%

¹ <https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/RSGTF/2009/20090708/20090708%20RSGTF%20Item%2004%20DC%20Energy%20Economic%20Analysis%20of%20RSG.pdf>