

## New Recommendations

Consistent with its core function to “[e]valuate existing and proposed market rules, tariff provisions and market design elements and recommend proposed rule and tariff changes,” the MMU recommends specific enhancements to existing market rules and implementation of new rules that are required for competitive results in PJM markets and for continued improvements in the functioning of PJM markets.<sup>44</sup>

In this *2024 Quarterly State of the Market Report for PJM: January through June*, the MMU includes three new recommendations.

### New Recommendation from Section 9, Interchange Transactions

- The MMU recommends eliminating the mechanism that defines FFE and M2M payments. These mechanisms are not consistent with markets and are not needed for efficient interface pricing. The MMU recommends that PJM file with the Commission to eliminate the FFE calculation and M2M payment of the PJM and MISO joint operating agreement. (Priority: Medium. New recommendation.<sup>45</sup> Status: Not adopted.)

### New Recommendations from Section 12, Generation and Transmission Planning

- The MMU recommends that PJM establish an expedited PJM managed queue process to identify commercially viable projects that could help eliminate or reduce the need for specific RMRs or that could address specific reliability needs and allow the identified projects to advance in the queue ahead of projects which have failed to make progress, subject to rules to prevent gaming. (Priority: High. New recommendation. Status: Not adopted.)
- The MMU recommends that all PJM transmission owners investigate the applicability and potential cost savings of Grid Enhancing Technology

<sup>44</sup> 18 CFR § 35.28(g)(3)(ii)(A); see also OATT Attachment M § IV.D.

<sup>45</sup> This recommendation was changed in the *2024 Quarterly State of the Market Report for PJM: January through June*. Previous versions of this recommendation read: “The MMU recommends modifications to the FFE calculation to ensure that FFE calculations reflect the current capability of the transmission system as it evolves. The MMU recommends that the Commission set a deadline for PJM and MISO to resolve the FFE freeze date and related issues.”

(GET) and that all PJM transmission owners implement cost effective GET, subject to NERC standards and guidelines, subject to review by NERC, PJM and the MMU, and approval by FERC. (Priority: Medium. New recommendation. Status: Not adopted.)

### Total Price of Wholesale Power

The total price of wholesale power is the total cost per MWh of wholesale electricity in PJM markets.<sup>46</sup> Prices vary by location and time period. The total costs are the sum of the total charges for the individual billing line items in each category divided by real time load, even when a specific category is not charged on that basis. The totals are presented for informational purposes and should not be used to calculate the costs to a market participant of engaging in any specific market activity in PJM. The total price includes the price of energy, capacity, transmission service, ancillary services, and administrative fees, regulatory support fees and uplift charges billed through PJM systems. Table 1-9 shows the total cost, by component, for the first six months of 2023 and 2024.

The total costs shown in Table 1-9 equal the total price per MWh, by category, multiplied by the total load. The total costs are different from the total billing values that PJM reports as shown in Figure 1-2. PJM’s reported total billing values represent the total dollars that pass through the PJM settlement process.

Each of the components in Table 1-9 is defined in PJM’s Open Access Transmission Tariff (OATT) and PJM Operating Agreement and each is collected through PJM’s billing system.

### Components of Total Price

- The Energy component is the real-time load-weighted average PJM locational marginal price (LMP).
- The Capacity component is the average price per MWh of Reliability Pricing Model (RPM) payments.

<sup>46</sup> Accounting load is used in the calculation of total price because accounting load is the load customers pay for in PJM settlements. The use of accounting load with losses before June 1, 2007 and without losses after June 1, 2007, is consistent with PJM’s calculation of LMP. Before June 1, 2007, transmission losses were included in accounting load. After June 1, 2007, transmission losses were excluded from accounting load and losses were addressed through the inclusion of marginal loss pricing in LMP.