



Effective Date	TBD Upon FERC Approval
Impacted Manual #(s)/Manual Title(s):	
M-11 Energy and Ancillary Services Market Operations	
Conforming Order(s):	
Associated Issue Tracking Title:	Transmission Penalty Factors
Committee Approval Path - What committee(s) have already seen these changes?	
MIC First Read 08/08/2018 MIC Endorsement 09/12/2018 MRC First Read 09/27/2018 MRC Endorsement 10/25/2018	
MRC 1st read date:	09/27/2018
MRC voting date:	10/25/2018
Impacted Manual sections:	
New section added 2.17	
Reason for change:	
Problem Statement and Issue Charge through the Stakeholder Process highlighted the current PJM practice to use constraint relaxation whereby transmission constraint penalty factors do not directly set the constraint shadow price for a violated transmission constraint results in inefficient clearing prices that do not accurately reflect market conditions. In addition, transmission constraint penalty factors and the process used by PJM in applying transmission constraint penalty factors are not included in the PJM Tariff or Manuals.	
Summary of the changes:	

Allow the transmission constraint penalty factor to set the marginal value of a violated transmission constraint. In addition, document the default transmission constraint penalty factors and the process when the penalty factor may be adjusted