



Replacement Capacity:

Cost Impacts of *Settlement Adjustment & PJM Sell Offer Price* in Main Motion proposal

CSTF

February 21, 2014

PJM Sell Offer Price

- PJM Sell Offer would be formed using an upward sloping offer curve that was *floored at the BRA clearing price* (offer could be greater than the BRA price, but not lower)

IA Settlement Adjustment

- Cleared buy bids settle against the IA CP *plus pay the difference between the BRA clearing price for the relevant Delivery Year and the IA CP for the cleared buy bid quantity*. The total amount paid by IA buyers is allocated zonally to LSEs proportionally based on their daily share of the total reliability charges.



Cost Simulations Using 12/13, 13/14, 14/15 Delivery Year Auctions

Status-Quo

Delivery Year	BRA Resource Credits (\$/Day)	Net Proceeds from PJM Sell-Back (\$/Day)	Load Payments (\$/Day)
2012/13	\$10,352,568	-\$113,087	\$10,465,654
2013/14	\$18,376,206	\$162,906	\$18,213,299
2014/15	\$19,870,628	\$40,618	\$19,830,010

PJM Replacement Proposal - PJM Sell Back at BRA Price + IA Settlement Adjustment

Delivery Year	BRA Resource Credits (\$/Day)	Net Proceeds from PJM Sell-Back (\$/Day)	IA Settlement Adjustment (\$/Day)	Load Payments (\$/Day)	Change in Load Payment Compared to Status Quo (\$/Day)
2012/13	\$10,352,568	-\$120,098	\$290,391	\$10,182,275	- \$283,379
2013/14	\$18,376,206	\$16,695	\$523,959	\$17,835,552	- \$377,747
2014/15	\$19,870,628	-\$41,481	\$752,866	\$19,159,243	- \$670,767