

# Default Capacity Repricing Value

PJM

CCPPSTF

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- Under PJM's Capacity Market Repricing Proposal, capacity market offers of subsidized resources will be adjusted in a second, price-setting stage of the RPM auction
- To ensure the adjusted offer price is not over/under stated the adjusted price of actionable subsidized resources will be:
- *Greater of:*
  1. *Offer Price;*
  2. *Lower of:*
    - a. *Offer Price + subsidy,*
    - b. *Default CRV – Net EAS Revenue*

$$\text{Adjusted Offer Price} = \max(\text{Offer Price}, \min(\text{Offer Price} + \text{Subsidy}, \text{Default CRV} - \text{Net EAS Revenue}))$$

- PJM will determine the value of the subsidy, with input from market participant, and IMM

## Example 1

- ‘Gen X’ offer price = \$190/MW-d
- Subsidy = \$250/MW-d
- Default CRV = \$586/MW-d
- Net EAS revenues = \$450/MW-d

$\text{Max}(\$190, \text{min}(\$190 + \$250, \$586 - \$450))$

$\text{Max}(\$190, \text{min}(\$440, \mathbf{\$136}))$

**$\text{Max}(\$190, \$136)$**

**Adjusted Offer Price = \$190/MW-d**

## Example 2

- ‘Gen Y’ offer price = \$0/MW-d
- Subsidy = \$100/MW-d
- Default CRV = \$183/MW-d
- Net EAS revenues = \$120/MW-d

$\text{Max}(\$0, \text{min}(\$0 + \$100, \$183 - \$120))$

$\text{Max}(\$0, \text{min}(\$100, \mathbf{\$63}))$

**$\text{Max}(\$0, \$63)$**

**Adjusted Offer Price = \$63/MW-d**

*$\text{max}(\text{Offer Price}, \text{min}(\text{Offer Price} + \text{Subsidy}, \text{Default CRV} - \text{Net EAS Revenue}))$*



# Default Capacity Repricing Value 2021/2022 \$/UCAP MW-day

Capacity Value for Repricing			
Existing Units	Default CRV (CP Risk Premium to be Added)	Net E&AS Revenue Low Estimate	Net CRV
Nuclear - single	\$624	\$376	\$248
Nuclear - dual	\$586	\$376	\$210
Coal	\$183	\$90	\$93
CC	\$88	\$29	\$58
CT	\$61	\$21	\$40
Hydro	\$70	\$157	\$0
Pumped Hydro	\$25	\$133	\$0
Solar PV	\$163	\$316	\$0
Onshore Wind	\$444	\$1,295	\$0
DR			\$215
EE			\$215
Net CONE * B			\$215

Capacity Value for Repricing			
New Units	Default CRV (CP Risk Premium to be Added)	Net E&AS Revenue	Net CRV
Adv Nuclear	\$3,075	\$695	\$2,381
SuperCritCoal	\$1,698	\$283	\$1,415
Current CC	\$524	\$280	\$244
Current CT	\$413	\$150	\$263
Hydro	\$2,157	\$157	\$2,001
Solar PV	\$1,910	\$466	\$1,443
Onshore Wind	\$6,788	\$1,613	\$5,176
Offshore Wind	\$10,198	\$1,613	\$8,586
DR			\$215
EE			\$215

- Should CP risk premium be added (included) to the CRV?
  - Yes. Including CP risk premium is appropriate
- Does the carrying charge (15%) include the FOM
  - No
- Add more unit types (e.g. offshore wind)
  - Added offshore wind and separated single/dual nuclear units
- Net energy revenue offset may be affected by “Energy Price Formation”
  - There is a link between the capacity and energy markets
- If a unit is offered at zero before and after subsidy do we need to reprice
  - Resources receiving actionable subsidies will be repriced