

Capacity Market Congestion

Market Efficiency Task Force
November 9, 2018

Market Efficiency Projects may address:

- Energy market constraints (drivers)
- Capacity market constraints (drivers)

Market Efficiency Projects may generate:

- Energy market benefits
- Capacity market benefits (RPM Benefits)

Total Benefits = Energy Benefits + RPM Benefits

Capacity market benefit calculation

Lack of consensus on study years and timeframe during phase 1

Framework for addressing Capacity market congestion drivers

Not yet discussed at the MEPETF

- Benefits calculated via interpolation between RTEP, RTEP+3, RTEP+6 years, extrapolated out to RTEP+15 year
- PJM concerns:
 - Data beyond RTEP year is very uncertain
 - Benefits are generally extremely large
- PJM considerations:
 - Modify and/or clarify existing documentation for capacity benefit calculation

- Section 15 of attachment DD of the OATT dictates coordination with economic planning process if CETL limitations exist prior to a BRA or if an LDA separates in two consecutive Base Residual Auctions, subject to set criteria
- PJM concerns:
 - Lack of clarity around criteria for capacity drivers based on a single BRA
 - Confidentiality with model postings for potential special annual windows
 - Annual mandatory reevaluation process for Capacity market drivers
- PJM considerations:
 - Modify and/or clarify existing OATT language

- November 2018 - Draft poll questions for two-part issue, and other topics
- December 2018 - Review results and draft proposals
 - Update PC with preliminary polling results
- January 2019 – Review and winnow proposals
- February 2019 – Final polling on all proposals
- March 2019 – PC Proposal first read & Final Report update