

Capital Recovery Factors (“CRF”) for Avoidable Project Investment Cost (“APIR”) Determinations

Effective July 2, 2021, the Capital Recovery Factors (“CRF”) of the table below will be used for the Avoidable Project Investment Cost (“APIR”) determinations for all RPM Auctions conducted for the specified Delivery Years absent future change in federal income tax laws. If federal income tax laws do change for any of the specified delivery years, the CRF values will be updated to reflect such change by no later than 150 days prior to the relevant auction.

Under existing Minimum Offer Price Rule (MOPR) and Market Seller Offer Cap (MSOC) rules, Capacity Market Sellers that wish to submit a Sell Offer higher or lower than the respective default prices may seek to obtain a unit-specific net Avoidable Cost Rate (ACR) for an existing Capacity Resource in accordance with the PJM OATT, Attachment DD, section 6.8(a). This section specifies the components of ACR, which can include APIR to reflect relevant project investment costs. In order to spread the recovery of investment costs on a levelized basis over the assumed remaining life of the asset, the investment costs are multiplied by the applicable CRF to obtain the APIR.

Age of Unit	Remaining Life of Plant	Delivery Year				
		2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
1 to 5	30	0.088	0.091	0.094	0.096	0.105
6 to 10	25	0.093	0.096	0.098	0.101	0.110
11 to 15	20	0.101	0.104	0.107	0.110	0.118
16 to 20	15	0.116	0.119	0.122	0.126	0.134
21 to 25	10	0.147	0.152	0.158	0.164	0.174
25 Plus	5	0.246	0.258	0.271	0.283	0.301
Mandatory CapEx	4	0.296	0.312	0.328	0.345	0.367
40 Plus Alternative	1	1.1	1.1	1.1	1.1	1.1