

# Bilateral Capacity Transactions

David Mroz

Sr. Analyst, Capacity Markets & Demand Response

Risk Management Committee

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- Market Participants in RPM have the ability to use Single Party Transactions or Two Party (Bilateral) Transactions
- Bilateral transactions in RPM are transactions for capacity between a Buyer and Seller and need to be approved by both parties
- Parties in all bilateral transactions agree to indemnify PJM against non-performance by their counterparties in such transactions

## Single Party Transactions

- Capacity Modification (CapMod)
- Replacement

## Two Party (Bilateral) Transactions

- **Unit Specific (Available, Cleared, Unoffered)**
- **Auction Specific**
- **Locational UCAP**
- Cleared Buy Bid
- Ownership Change

- A Cleared Buy Bid Transaction allows the holder of a Cleared Buy Bid from an Incremental Auction to transfer Cleared Buy Bid MWs to a Buyer for the term of the transaction
- Cleared Buy Bid MWs are not eligible to be offered in an RPM auction
- The Buyer will receive available MW in their subaccount upon which can be used as replacement capacity

Responsibility	Seller	Buyer
Revenue		
MW		X
Performance		
Obligations		
Collateral		

# Ownership Change Transaction

- A unit Ownership Change transaction represents the sale of a generation resource from one party to another party (Generator Transfer)
- An Ownership Change transaction can only be entered for a Delivery Year where no RPM Auctions have been conducted
- The Seller needs to have possession of the entire ICAP value of the unit from the date of sale onward (i.e. no future Unit Specific Transactions)
- Once new owner offers and clears, they are taking on the revenue, performance, and collateral responsibilities

Responsibility	Seller	Buyer
Revenue		
MW		X
Performance		
Obligations		X
Collateral		

# Unit-Specific Bilateral Transactions

- A Unit Specific bilateral transaction is used to transfer the capacity rights and obligations of a specified amount from a specific unit from the Seller to the Buyer
- Can be created for **available**, **cleared\*** or **unoffered capacity**
- Cleared UCAP transactions transfers auction revenue and commitment to Buyer
- Buyer assumes performance risk and obligations of transacted resource
- Buyer assumes collateral requirements for planned resources

Responsibility	Seller	Buyer
Revenue		X
MW		X
Performance		X
Obligations		X
Collateral		X



# Auction-Specific Bilateral Transaction

- Auction Specific MW Transactions transfers the capacity revenue of the cleared capacity from the Seller to the Buyer
- Auction Specific MW Transactions are priced at the weighted average of the Resource Clearing Prices from the RPM auctions in which the MW from the units supplying the transaction cleared
- Seller retains all performance obligations and associated risks
- Buyer will receive any Bonus Credits related to resource(s) identified in transaction that over-perform during a Performance Assessment Interval
- MWs are not eligible to be offered into an RPM auction

Responsibility	Seller	Buyer
Revenue		X
MW	X	
Performance	X	
Obligations	X	
Collateral	X	

**PJM Tariff, Attachment DD, Section 4.6 (b); Manual 18 Section 4.6.6**



# Locational UCAP Bilateral Transaction

- A Locational UCAP Transaction allows a Seller with available resource-specific capacity to transfer Locational UCAP (MWs) to a Buyer
- Buyer may use the Locational UCAP as a replacement resource in a replacement transaction
- Transaction results in a commitment being placed on the Seller's resource
- Seller retains ownership of the resource and is subject to resource performance assessments

Responsibility	Seller	Buyer
Revenue		
MW		X
Performance	X	
Obligations	X	
Collateral	X	

**PJM Tariff, Attachment DD, Section 4.6 (c); Manual 18, Section 4.6.8**

# Bilateral Capacity Transactions

Gwen Kelly

Sr. Director, Credit Risk and Collateral Management

Risk Management Committee

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- Auction Specific and Locational UCAP transactions both transfer capacity rights from the Seller to the Buyer.
- The Seller of the capacity remains subject to all applicable resource performance charges, including Capacity Resource Deficiency Charges and Non-Performance Charges.
- The Buyer must indemnify PJM for any failure by the Seller including Seller ability to pay deficiency penalties and charges associated with these transactions.

- Sellers retain performance obligations and primary liability for performance charges (including Non-Performance Charges), however, rights to capacity revenues are transferred to the Buyer
  - Compromises PJM Settlement's ability to:
    - Exercise setoff rights and utilize future capacity revenues as a means of collateralizing against credit risk
    - Evaluate the creditworthiness of Buyer (ability to satisfy its obligations if triggered) in advance of the bilateral capacity transaction

# Appendix

- Used primarily by the owner/agent of a resource to request:
  - New unit in RPM
  - Seasonal capacity
  - Uprate/Derate
  - Deactivation
- CapMods cannot be approved during an auction window
- CapMods require the respective queue number and CIR value

- Replacement transactions transfers the RPM commitment from a resource with a commitment to a resource with available capacity
- Replacement resources must be located in the same sub-account as the resource that is being replaced
- Resources located in a constrained LDA can serve as replacement capacity for a resource located in a less constrained parent LDA
- Parent to unconstrained child LDA replacements permitted after 3IA contingent on remaining import capability
- Replacement transactions can only be submitted after the 3IA unless specific conditions are met as outlined in Section 8.8

Facilitator:  
Tom Zadlo, [thomas.zadlo@pjm.com](mailto:thomas.zadlo@pjm.com)

Secretary:  
Emmy Messina  
[emmy.messina@pjm.com](mailto:emmy.messina@pjm.com)

SME/Presenter:  
David Mroz  
[david.mroz@pjm.com](mailto:david.mroz@pjm.com)

Gwen Kelly  
[gwen.kelly@pjm.com](mailto:gwen.kelly@pjm.com)



### Member Hotline

(610) 666 – 8980

(866) 400 – 8980

[custsvc@pjm.com](mailto:custsvc@pjm.com)

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(610) 666-2244 / [it\\_ops\\_ctr\\_shift@pjm.com](mailto:it_ops_ctr_shift@pjm.com)

