



Capacity Performance Settlements Impacts

Market Settlements Subcommittee
March 17, 2015

- Filing proposes a number of reforms to ensure that resources committed to meet the PJM Region's reliability needs will deliver the promised energy and reserves when called upon in emergencies
- ER15-623 filed December 12, 2014
- Comments due January 20, 2015
- PJM requested an effective date of April 1, 2015

- Loads will continue to be charged a Locational Reliability Charge
- Cleared Capacity Resources will continue to receive RPM Auction Credits
- Performance Assessments for Capacity Resources will be assessed using a different methodology
 - Associated credits will be distributed pro-rata to over-performing resources

- Several members requested charges and credits attributable to RPM commitments resulting from the original RPM rules be separate from those resulting from the Capacity Performance on PJM's bill
- Affects the following Billing Line Items:
 - RPM Auction Credits
 - Locational Reliability Charges

- Currently the MSRS RPM Auction Credit Report allows members to view details of the total RPM Auction Credit line item
 - Lists credits by Resource, Auction
- This report gives members the information necessary to derive the resource credits attributable to a Base Residual Auction, First IA, Second IA, and Third IA and the credits resulting from a Capacity Performance Transition Incremental Auction.
- Need to further investigate feasibility to calculate Locational Reliability Charges separately for non-Capacity Performance and Capacity Performance within submitted tariff language for 2016/2017 & 2017/2018 Delivery Years.
 - FERC expected to rule on filing by 4/1/2015

Appendix – Performance Assessment

- Replaces DR Event Compliance for Demand Resources, Peak-Hour Period Availability Assessment & Peak Season Maintenance Compliance for generation
- Assesses performance of capacity resources during emergency conditions
- Applies to both Base Capacity Resources and Capacity Performance Resources starting 18/19 DY
- Base Capacity Resources exposed to Non-Performance Charges only for performance during Emergency Actions in summer months

- Non-Performance Charges will be distributed to resources (of any type, even if not Capacity Resources) that perform above expectations
- Actual Performance above Expected Performance is considered Bonus Performance.
- Bonus Performance will be assigned a share of the collected Non-Performance Charge revenues based on the ratio of its Bonus Performance to total Bonus Performance from all resources for the same Performance Assessment Hour
- All performance from a resource with no capacity commitment is considered Bonus Performance



Current RPM Performance Assessment Types Through 15/16 DY

Billing Line Item	Purpose
Capacity Resource Deficiency	Determines if sufficient unforced capacity on resource during DY to meet its RPM commitments
Peak-Hour Period Availability	Measures if generation resource was available during critical peak-hour periods during DY
Generation Resource Rating Test Failure	Determines if generation resource demonstrated its ICAP commitment amount through summer and winter testing
Peak Season Maintenance Compliance Penalty	Determines if generation resource took an unapproved planned or maintenance outage during peak season period
Demand Resource Compliance Penalty	Determines if committed demand resource reduced load during a PJM-initiated LM event
Load Management Test Failure	In the absence of a PJM-initiated LM event, this assessment determines if committed demand resource reduced load during a CSP-initiated test



Billing Line Items for Transition Period 16/17 and 17/18 DY

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Load Management Test Failure	In the absence of a PJM-initiated LM event, this assessment determines if committed demand resource reduced load during a CSP-initiated test
Non-Performance Charge/Credit	Assesses performance of Capacity Performance generation resources during emergency conditions

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Generation Resource Rating Test Failure	Determines if generation resource demonstrated its ICAP commitment amount through summer and winter testing
Load Management Test Failure	In the absence of a PJM-initiated LM event, this assessment determines if committed demand resource reduced load during a CSP-initiated test
Non-Performance Assessment	Assesses performance of capacity resources during emergency conditions

Peak-Hour Period Availability, Peak Season Maintenance Compliance Penalty, and Demand Resource Compliance Penalty are no longer valid Billing Line Items