



# Manual 18: PJM Capacity Market

## 4.8 Credit Requirements

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- Existing Resources have no RPM Credit Requirements and will continue to have no credit requirements
- Planned resources or external resources without 100% firm transmission service will have credit requirements
- Credit requirements are different for base capacity (lower) and capacity performance (higher).

Prior to the Base Residual Auction

Greater of:

**Base Capacity**

a) 30% RTO Net CONE

b) \$20/MW-day

**Capacity Performance**

a) 50% LDA Net CONE

b) \$20/MW-day

After the Auction

Greater of:

**Base Capacity**

**Capacity Performance**

a) 20% of the Clearing Price by LDA

a) 20% of the Clearing Price by LDA

b) \$20/MW-day

b) \$20/MW-day

c) Lesser of:

i) 50% Net Cone by LDA

ii) 150% LDA Net Cone - Clearing Price



# Planned Resource Credit Requirements

\*\* Requires independent engineer certification of most milestones

<b>Credit Reductions (%) for Planned Generation Capacity Resources and Planned External Generation Capacity Resources</b>	
<b>Credit Milestones Certified by an Independent Engineer (where applicable)</b>	<b>Incremental Credit Reduction from Initial Credit Requirements</b>
Effective date of ISA for Planned Generation Capacity Resources or agreement equivalent to ISA for Planned External Generation Capacity Resources	50%
Financial Close	15%
Full Notice to Proceed and Commencement of construction (e.g. footers or foundation poured)	5%
Main power generating equipment delivered	5%
Commencement of Interconnection Service	25%

- “Planned Financed Generation Capacity Resource”
  - Executed an Interconnection Service Agreement
  - Completed the Financial Close milestone prior to August 7, 2015
  - The initial credit requirement “Financed” Resources incorporates an initial 50% reduction, with reductions shown in the table being applied to that reduced initial amount.
  - Once all milestones are met the credit requirement will be zero.

\*\* Requires independent engineer certification of most milestones

<b>Credit Reductions (%) for Planned Financed Generation Capacity Resources and Planned Financed External Generation Capacity Resources</b>	
<b>Credit Milestones Certified by an Independent Engineer (where applicable)</b>	<b>Incremental Credit Reduction from Initial Credit Requirements</b>
Full Notice to Proceed	50%
Commencement of construction (e.g. footers or foundation poured)	15%
Main power generating equipment delivered	10%
Commencement of Interconnection Service	25%

# Appendix A: Certification Forms (to be posted on [pjm.com](http://pjm.com))



- [Draft Officer Certification form](#)

## Officer Certification of Financial Close

### DECLARATION OF OFFICER

I, \_\_\_\_\_, *[insert name]* \_\_\_\_\_ *[insert title]*  
for \_\_\_\_\_ *[insert company name]*, certify that I have personal knowledge, or  
have engaged in a diligent inquiry to determine, that Financial Close<sup>1</sup> has been achieved on \_\_\_\_\_ *[insert date]*  
for the \_\_\_\_\_ *[insert project name]* at \_\_\_\_\_ *[insert project address]*  
\_\_\_\_\_ *[insert relevant PJM queue value(s)]*.

I am familiar with the project and the milestones and the above milestone has been met. I further certify that based on my review of the relevant project information, I am not aware of any information that could reasonably cause me to believe that the project will not be in-service by June 1, 20\_\_ *[insert beginning of delivery year for which this certification is applicable]*.

- [Draft Independent Engineer Certification form](#)

## Independent Engineer Certification

### DECLARATION OF INDEPENDENT ENGINEER

I, \_\_\_\_\_ *[insert name]*, \_\_\_\_\_ *[insert title]*  
for \_\_\_\_\_ *[insert company name]*, certify that I am a Professional Engineer and have  
personal knowledge, or have engaged in a diligent inquiry to determine, that the milestone<sup>1</sup> \_\_\_\_\_ *[insert milestone]*  
for the \_\_\_\_\_ *[insert project name]* \_\_\_\_\_ *[insert project address]*  
\_\_\_\_\_ *[insert relevant PJM queue value(s)]*  
has been achieved. I am familiar with the project and the milestones and the above milestone has been met.

I further certify that based on my review of the relevant project information, I am not aware of any information that could reasonably cause me to believe that the project will not be in-service by June 1, 20\_\_ *[insert beginning of delivery year for which this certification is applicable]*.

## Appendix B: Transitional Auctions (not covered in M18 Revisions)

- The pre- and post-Auction Credit Rates for Planned Generation Capacity Resources that offer into the Capacity Performance Transition Incremental Auctions will be
  - **\$25,010.15/MW-year** for the 2016/2017 Transition Incremental Auction
  - **\$31,957.28/MW-year** for the 2017/2018 Transition Incremental Auction

## Appendix C: Numerical Examples

	1 MW Planned CP Resource in MAAC	1 MW Planned Financed CP Resource in MAAC
Initial Requirement	\$ 49,579.78	\$ 24,789.89
ISA or Equivilant	\$ 24,789.89	NA
Financial close	\$ 17,352.92	
Full Notice to Proceed		\$ 12,394.95
Commencement of Construction	\$ 14,873.93	\$ 8,676.46
Main Power generating equipment delivered	\$ 12,394.95	\$ 6,197.47
Commencement of Interconnection Service	\$ -	\$ -