

Objectives of the Reliability Pricing Model

Capacity Construct/Public Policy
Senior Task Force
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Ensure resource adequacy

- Meet RTO & LDA Reliability Requirements through competitive procurement
- Provide revenue sufficiency (“missing money”)

Provide transparent price signals

- Forward for actionable response
- Locational to incent investment where needed
- Year-over-year stability to reduce investment risk and cost

Provide fair competition between resource alternatives

- Planned and existing resources
- Generation, DR, EE, & QTU
- Market Power Mitigation/MOPR

Provide adequate incentives for resource performance

- Delivery Year performance assessments & related charges
- Charges for non-performance if failure to perform when needed by PJM
- Non-performance charge strict enough to incent investment in resource to improve availability