



Incremental Auction Senior Task Force

This Charter describes the objectives (mission) and responsibilities of this stakeholder group to complete the specific scope of work assigned by the Markets and Reliability Committee (MRC).

Mission

The Incremental Auction Senior Task Force [Problem Statement](#) was brought forward by Direct Energy and approved by the MRC on November 17, 2016.

This stakeholder group is chartered with completing a stakeholder process to recommend one or more proposed solution(s) for consideration to resolve the following issues:

- PJM RPM Incremental Auction process and structure
- Excess capacity sale and Incremental Auction practices
- PJM participation in Incremental Auctions

Responsibilities

Specifically, this stakeholder group will conduct the following key work activities and produce the stated deliverables as described in the [Issue Charge](#):

1. Review PJM RPM Incremental Auction process and structure with specific focus on circumstances where PJM is a capacity seller. The review should look at the general structure of the RPM Incremental Auctions including but not limited to the number of incremental auctions, timing of incremental auctions, and PJM participation in incremental auctions. Nothing is intended to ~~affect~~ modify the rules regarding offers made by individual market sellers.
2. Review historic results of Incremental Auctions with specific focus on the impact of PJM capacity sales.
3. Review reliability value of excess capacity based on tail risk operational events or other drivers, as well as other benefits of retaining excess capacity.
4. Discuss the development of regularly reported metrics to reflect the profitability of buying back BRA capacity commitments in IAs.
5. Review the excess capacity sale and Incremental Auction (or equivalent construct) practices of other RTOs/ISOs.
6. Discuss whether modifications are required to PJM Incremental Auction processes in consideration of items 1-5.
7. Consider whether to develop Incremental Auction rules for the 2018-19 and 2019-20 delivery years that would allow CP-capable resources that cleared as Base to offer to upgrade their obligation to CP to replace non-viable CP commitments made by others prior to the 3rd IA.



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Out of Scope Work Activities

1. The proposed application of additional standards required for resources to offer in RPM Auctions.
2. Modification of replacement transaction business rules.
3. Modification of the peak load forecast methodology.
8. ~~Detailed Replacement Capacity issues will be additionally addressed via a separate problem statement and issue charge.~~

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Expected Deliverables

- Review feasibility of implementing potential solutions
- If needed and as appropriate, revisions to PJM Tariff Attachment DD – Reliability Pricing Model, Capacity Market Manual

Expected Duration of Work

- The work on this issue is expected to be completed within 6 to 9 months.

Administration

Group name: Incremental Auction Senior Task Force (IASTF)

Parent committee: Markets and Reliability Committee (MRC)

Facilitator/Chair: Brian Chmielewski

Secretary: Susan Kenney

Webpage: <http://www.pjm.com/committees-and-groups/task-forces/iastrf.aspx>

Meeting frequency: Approximately twice a month

- The Incremental Auction Senior Task Force (IASTF) shall base its activities by the rules and protocols found in the PJM Stakeholder Process Manual (M- 34).
- The group will accomplish the scope of work identified above, and only that work.



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- Approval from the parent Standing Committee will be sought before engaging in any activity outside this scope.
- The group will periodically report progress on its chartered scope of work to its parent committee, the MRC.
- Meeting minutes and all meeting materials will be published on the PJM web site.
- The group will prepare a final report (the Consensus Proposal Report or Proposal Alternatives Report, whichever is applicable). This report will constitute its recommendation to the parent Standing Committee to resolve the issue.
- Membership in the group is open and will be identified by volunteerism. Group members are not required to sign a confidentiality agreement or non-disclosure agreement.