

# Price Based Materiality Screen Example

PJM CCPSTF  
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## Illustrative Price Based Materiality Screen Example

		Cleared Resources Established			Price-based Materiality Screen				Clearing Price Est'd.	
	Resources	(a) Actionable Subsidy? (1)	(b) Raw Offer	(c) Does resource clear stage 1 and receive CSO? (2)	(d) "Test Run" Stage 2 Adjusted Offer (3)	(e) Net CONE x B for LDA	(f) "Test Run" Stage 2 Clearing Price (4)	(g) Repricing Triggered for LDA resources? (5)	(h) Final Run Stage 2 Adjusted Offer (6)	(i) Final Run Stage 2 Clearing Price (7)
LDA 1 (30MW load)	A (10MW)	Yes	\$0	Yes	\$250	\$250	\$250	Yes	\$250	\$250
	B (10MW)	Yes	\$20	Yes	\$250	\$250	\$250	Yes	\$250	\$250
	C (10MW)	No	\$100	Yes	\$100	\$250	\$250	Yes	\$100	\$250
	D (10MW)	No	\$150	No	\$150	\$250	N/A	Yes	\$150	N/A
LDA 2 (30MW load)	E (10MW)	Yes	\$10	Yes	\$270	\$270	\$80	No	\$10	\$60
	F (10MW)	No	\$30	Yes	\$30	\$270	\$80	No	\$30	\$60
	G (10MW)	No	\$60	Yes	\$60	\$270	\$80	No	\$60	\$60
	H (10MW)	No	\$80	No	\$80	\$270	N/A	No	\$80	N/A

### Notes:

- Based on methodology chosen for determining "actionable subsidies" subject to re-pricing. Specifics of methodology is unimportant for this example.
- Assumes no transfer capacity between LDA 1 and LDA 2. Because each LDA has 30 MW of load and four 10 MW resources, the resource with the highest raw offer price does not clear stage 1 and does not receive a capacity obligation.
- Offers with "actionable subsidies" are adjusted to default offer cap of Net CONE x B for purposes of determining price in the final stage of PJM's two-stage methodology. Values shown are illustrative.
- Assumes no transfer capacity between LDA 1 and LDA 2. Because each LDA has 30 MW of load and four 10 MW resources, the second highest-priced resource will set the stage 2 clearing price.
- Repricing is triggered in final run for LDA 1 because LDA 1 "test run" clearing price  $\geq$  LDA 1 Net CONE x B, but not for LDA 2 because LDA 2 "test run" clearing price  $<$  Net CONE x B
- Offers with "actionable subsidies" are adjusted to Net CONE x B in LDA 1 but are not adjusted in LDA 2.
- Assumes no transfer capacity between LDA 1 and LDA 2. Because each LDA has 30 MW of load and four 10 MW resources, the second highest-priced resource will set the stage 2 clearing price.