

PJM Proposal for Multi-Year RPM Pricing Mechanism

A. Key Provisions

1. Any Planned or Existing Generation Capacity Resource located in a modeled LDA is eligible to elect multi-year price assurance treatment.
2. An eligible resource must notify PJM of the multi-year price assurance election when submitting its sell offer into the first year BRA.
3. Any Planned or Existing Generation Capacity Resource that elects multi-year price assurance treatment will receive the multi-year price assurance if (1) the resource clears the first year BRA; and (2) the resource is located in a modeled LDA in which the multi-year price assurance provision is triggered in the first year BRA.
4. The duration of the multi-year price assurance is three delivery years; the first BRA delivery year plus the next two subsequent BRA delivery years if the multi-year price assurance provision is triggered in the first year BRA.
5. Resources that qualify and continue to qualify for multi-year price assurance treatment will receive the applicable first year BRA resource clearing price for the next two subsequent BRAs.
 - a. If the clearing price of a subsequent BRA is less than the first year BRA clearing price, then RPM load in the applicable LDA for which the multi-year price assurance was triggered is charged to make up the difference.
 - b. If the clearing price of a subsequent BRA is greater than the first year BRA clearing price, then RPM load in the applicable LDA for which the multi-year price assurance was triggered is credited for the difference.
 - ~~b.c.~~ If load in an LDA in which multi-year price assurance has been triggered and load in that LDA elects the Fixed Resource Requirement option in subsequent Delivery Years for which the multi-year price assurance remains in effect, the load will still be subject to payments or credits for the difference between the BRA price and the assurance price.

B. Triggering of Multi-Year Pricing Provision

6. The multi-year price assurance provision is triggered if, absent the clearing of Triggering Resources, the total cleared UCAP quantity in a modeled LDA would have been to the left of Point B on the LDA VRR Curve; ~~i.e., the quantity cleared would have been below the quantity that provides a reserve margin of IRM+1%.~~
7. A Triggering Resource is any Planned Generation Capacity Resource that has requested price assurance treatment or any Existing Generation Capacity Resource with APIR of at least \$450/kW that has requested multi-year price assurance treatment.

C. Election of Multi-Year Price Assurance Treatment and First Year BRA Offer Options

8. Any Planned or Existing Generation Capacity Resource located in a modeled LDA is eligible to elect multi-year price assurance treatment so long as it is not already receiving such treatment as a result of electing multi-year price assurance treatment in a previous BRA.
9. An eligible resource must notify PJM of the multi-year price assurance election when submitting its sell offer into the first year BRA.
10. Eligible resources that elect multi-year price assurance treatment must submit two separate sell offers:
 - a. A 1-year sell offer which is used in the clearing of the BRA if the price assurance provision is not triggered.
 - b. A 3-year sell offer which is used in the clearing of the BRA if the price assurance provision is triggered.
 - c. Alternatively, a Planned Generation Capacity Resource that has elected multi-year price assurance treatment may elect to clear in the first year BRA only in the case where it receives multi-year price assurance treatment. Under this option, the resource will submit only a 3-year sell offer.
11. For an Existing Generation Capacity Resource, the 1-year sell offer price may be no greater than the resource's Market Seller Offer Cap and the 3-year sell offer price may be no greater than the resource's 1-year sell offer price.
12. For a Planned Generation Capacity Resource that has received a MOPR exemption, there are no restrictions on the 1-year sell offer price but the 3-year sell offer price may be no greater than the resource's 1-year offer price. A Planned Generation Capacity Resource that has not received a MOPR exemption under the MOPR revisions currently under consideration at FERC is not eligible for the multi-year price assurance provision. ~~(This rule may need to be revisited depending on outcome of recent MOPR-related FERC filing).~~

D. Determination of Triggering of Multi-Year Price Assurance Provision in First Year BRA

13. To determine if the multi-year price assurance provision is triggered in a BRA, a first-pass auction is executed in which all Triggering Resources are excluded and all Existing Generation Capacity Resources that have elected multi-year price assurance are set to their 1-year offer price.

- a. If the first-pass auction clears such that the total cleared UCAP quantity in each modeled LDA is a quantity located to the right of Point B of each modeled LDA's VRR Curve then the multi-year price assurance provision is not triggered.
 - b. If the first-pass auction clears such that the total cleared UCAP quantity in a modeled LDA is a quantity located to the left of Point B of that modeled LDA's VRR Curve then the multi-year price assurance provision is triggered for that LDA.
14. If the multi-year price assurance provision is not triggered then the final auction solution is determined by executing the auction using only 1-year sell offers.
 15. If the multi-year price assurance provision is triggered for a given LDA then the final auction solution is determined by executing the auction using the 3-year sell offers for all Generation Capacity Resources located in that LDA that elected the multi-year price assurance treatment.

Any resource that clears in this final solution and that elected the multi-year price assurance provision qualifies for multi-year price assurance treatment and will receive the first year BRA clearing price for the first year BRA delivery year and for the next two subsequent delivery years for the MW quantity that cleared in the first year BRA.

E. Treatment of Qualifying Resources in Next Two Subsequent BRAs

16. A resource that elects and qualifies for multi-year price assurance treatment based on the results of the first year BRA must offer into the next two subsequent BRAs with a sell offer price at or below the resource's Market Seller Offer Cap for the MW quantity that cleared and qualified in the first year BRA.
17. If a qualifying resource does not clear in a subsequent BRA because the clearing price is below its sell offer price then the resource will be re-offered at the highest price at which it does clear.

F. Commitment of Resources Qualifying for Multi-Year Price Assurance

18. Resources that elect and qualify for multi-year price assurance treatment must commit to be in-service for entire three year duration.
19. If a qualifying resource replaces its commitment using a Capacity Buy Bid during a delivery year for which it qualified then it must forfeit the difference between the assurance price and the price at which the Capacity Buy Bid was purchased. If replaced by mechanism other than a Capacity Buy Bid then the lowest clearing price from the Incremental Auctions conducted for that delivery year will be used as a surrogate price for the Capacity Buy Bid price in determination of forfeiture amount. The forfeiture amount will be allocated to the RPM load in the LDA for which the multi-year price assurance was triggered.