Capacity Market Congestion

Market Efficiency Task Force
November 9, 2018
Market Efficiency
Projects may address:

• Energy market constraints (drivers)
  • Capacity market constraints (drivers)

Market Efficiency
Projects may generate:

• Energy market benefits
  • Capacity market benefits (RPM Benefits)

Total Benefits = Energy Benefits + RPM Benefits
Two-part Issue Overview

Capacity market benefit calculation

Lack of consensus on study years and timeframe during phase 1

Framework for addressing Capacity market congestion drivers

Not yet discussed at the MEPETF
Part 1: Capacity Benefit Calculation

- Benefits calculated via interpolation between RTEP, RTEP+3, RTEP+6 years, extrapolated out to RTEP+15 year
- PJM concerns:
  - Data beyond RTEP year is very uncertain
  - Benefits are generally extremely large
- PJM considerations:
  - Modify and/or clarify existing documentation for capacity benefit calculation
Part 2: Process for Addressing Capacity Market Drivers

• Section 15 of attachment DD of the OATT dictates coordination with economic planning process if CETL limitations exist prior to a BRA or if an LDA separates in two consecutive Base Residual Auctions, subject to set criteria.

• PJM concerns:
  – Lack of clarity around criteria for capacity drivers based on a single BRA
  – Confidentiality with model postings for potential special annual windows
  – Annual mandatory reevaluation process for Capacity market drivers

• PJM considerations:
  – Modify and/or clarify existing OATT language
Next Steps

- November 2018 - Draft poll questions for two-part issue, and other topics
- December 2018 - Review results and draft proposals
  - Update PC with preliminary polling results
- January 2019 – Review and winnow proposals
- February 2019 – Final polling on all proposals