

Capacity Market Phase 2 Issues

Resource Adequacy
Senior Task Force
October 22, 2021

Joe Bowring



Monitoring Analytics

Capacity Market Issues

- **Must offer**
 - **DA energy market must offer requirement for capacity resources**
 - **Consequences for failure to offer ICAP:**
 - Forfeit capacity revenues
- **DR/EE**
 - EE addback issue for all auctions
 - DR as price responsive demand on demand side of market; not supply in capacity market
 - EE affects demand; not supply in capacity market
- **DER/DIRS**
 - Same rules for all

Capacity Market Issues

- **EFORd/EAF**
 - **EAF (equivalent availability factor) should replace EFORd**
 - **Availability is a better metric than forced outage rate**
- **PLS/RTV**
 - **Penalties for non compliance should be based on capacity market clearing prices**
 - **Adjustment to EFORd not adequate penalty**
- **CIRs**
 - **Link between CIRs and uplift payments**
 - **Link between CIRs and ELCC assumptions about max energy output**

Capacity Market Issues

- **Obligations of capacity resources**
 - PLS
- **ELCC issues**
 - Thermal resources
 - Renewable resources
 - Flexibility incentives
- **MSOC issues**
- **MOPR issues**

Capacity Market Issues

- **CTRs**
 - **CTRs should be based on cleared prices and MW**
 - **Currently based on load forecast after Third IA.**
 - **ICTR treatment**



Capacity Market Issues

- **FRR rules**
 - **Sale of capacity**
 - **Purchase of capacity**
 - **Definition of reliability**
 - Same for all
 - **Definition of performance incentives**
 - Same for all
- **BTM issues**
 - **Uneconomic incentives**

Capacity Market Issues

- **PJM buy backs of capacity**
- **Replacement capacity issues**
- **Number and design of Incremental Auctions**
- **Treatment of reactive**
- **Quadrennial review issues**



Monitoring Analytics, LLC

2621 Van Buren Avenue

Suite 160

Eagleville, PA

19403

(610) 271-8050

MA@monitoringanalytics.com

www.MonitoringAnalytics.com

