



# Narrow Filing on the Market Seller Offer Cap (MSOC)

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- We had a request and subsequent discussions at the May RASTF meetings regarding the potential to submit a narrow MSOC filing to implement in time for the 2024/2025 BRA
- Requested filing would allow the MSOC be set at a level equal to the greater of (a) Net ACR, or (b) Capacity Performance Quantifiable Risk (CPQR)
  - Intended to address the issue where a unit with a positive CPQR value has that cost offset by an otherwise negative Net ACR, which can result in a \$0 offer cap
  - Focused on reform with general consensus among the MSOC packages and could be implemented in time for the next auction
- A proposed timeline targeting implementation for the 2024/2025 BRA was reviewed and discussed with stakeholders at the May 26 RASTF meeting

## Wind Farm X has the following unit-specific costs and revenues (in \$/MW-day):

- ACR (excluding CPQR): \$80
- CPQR: \$20
- E&AS Offset: \$150

### MSOC under Status Quo = \$0

- $\$80 + \$20 - \$150 = -\$50$

### MSOC under Proposal = \$20

- Greater of (a)  $\$80 + \$20 - \$150$ , or (b) \$20

**Note:** If the default ACR was \$80 for this unit, resulting in a default Net ACR of -\$70, the seller can submit just the unit-specific CPQR value for review and approval, and have that value set the offer cap (\$20 in this example)

Unit	Default ACR	E&AS Offset	Default Net ACR	Unit-Specific ACR (excl. CPQR)	Unit-Specific CPQR	Unit-Specific Net ACR	Current MSOC	Proposed MSOC
1	\$80	\$150	-\$70	-	\$20	-	\$0	\$20
2	\$80	\$70	\$10	-	\$20	-	\$10	\$20
3	\$100	\$120	-\$20	\$130	\$20	\$30	\$30	\$30
4	\$100	\$120	-\$20	\$110	\$20	\$10	\$10	\$20

### Example Descriptions:

- 1) Unit 1 has a negative default Net ACR of -\$70. Seller submits and is approved for a unit-specific CPQR value of \$20, which exceeds the default Net ACR and sets the proposed MSOC at \$20.
- 2) Unit 2 has a positive default Net ACR of \$10. Seller submits and is approved for a unit-specific CPQR value of \$20, which exceeds the default Net ACR and sets the proposed MSOC at \$20.
- 3) Unit 3 has a negative default Net ACR. Seller submits and is approved for a full unit-specific ACR value of \$150 (\$130 ACR excl. CPQR + \$20 CPQR). The unit-specific Net ACR of \$30 exceeds the standalone CPQR value and the proposed MSOC is set at \$30, equivalent to the status quo.
- 4) Unit 4 has a negative default Net ACR. Seller submits a full unit-specific ACR value of \$150, but is only approved for \$130 (\$110 ACR excl. CPQR + \$20 CPQR). In this case, the standalone CPQR value exceeds the unit-specific Net ACR of \$10 and sets the proposed MSOC at \$20.

## Tariff, Attachment DD

### Section 6.4 Market Seller Offer Caps

(a) The Market Seller Offer Cap, stated in dollars per MW/day of unforced capacity, applicable to price-quantity offers within the Base Offer Segment for an Existing Generation Capacity Resource shall be the **greater of (a) Avoidable Cost Rate for such resource, less the Projected PJM Market Revenues for such resource, or (b) if applicable, the CPQR (Capacity Performance Quantifiable Risk) for such resource, as defined in Tariff, Attachment DD, section 6.8(a), to the extent such CPQR value has been supported and obtained approval pursuant to the procedures and standards of subsection (b) of this section 6.4,** stated in dollars per MW/day of unforced capacity. A Capacity Market Seller offering above \$0/MW-day must support and obtain approval of a unit-specific Market Seller Offer Cap pursuant to the procedures and standards of subsection (b) of this section 6.4 or may, at its election, if available, utilize a Market Seller Offer Cap determined using the applicable default gross Avoidable Cost Rate for the applicable resource type shown in the table below, as adjusted for Delivery Years subsequent to the 2022/2023 Delivery Year to reflect changes in avoidable costs, net of projected PJM market revenues equal to the resource's net energy and ancillary service revenues for the resource type, as determined in accordance with Tariff, Attachment DD, section 6.8(d-1).



# Proposed Timeline and Pre-Auction Activity Deadlines

**RASTF Meetings:** 6/10, 6/23, 7/15, 8/8, 8/31

**MRC Meetings:** 6/29, 8/24, 9/21

**MC Meetings:** 6/29, 7/27, 9/21

## Timeline for Voting / Filing:

- **RASTF Vote** following June 10 RASTF
- **MRC First Read** at June 29 MRC
- **MRC/MC Vote** at July 27 MRC/MC
- **FERC Filing** by August 1
- **FERC Order** by October 1

MSOC Pre-Auction Activity	Current Deadline	Adjusted Deadline*
Seller deadline to submit unit-specific MSOC request	<b>8/9</b>	-
IMM deadline for MSOC determination	<b>9/8</b>	<b>10/7</b>
Seller deadline for IMM agreement & final req. MSOC	<b>9/18</b>	<b>10/12</b>
PJM deadline for MSOC determination	<b>10/3</b>	<b>10/18</b>
2024/2025 BRA opens	<b>12/7</b>	-

\* Adjusted deadlines contingent upon FERC approval of the filed change and assume an Oct. 1 Order date

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**Market Seller Offer Cap (MSOC)**



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