Transitional Pre-Auction Credit Requirements for Capacity Performance Generation Resources

Generation Resource Participation in the Capacity Performance Transition Incremental Auctions

A pre-auction RPM Credit Requirement is established for all Capacity Market Sellers offering planned MWs (MWs from Planned Capacity Resource(s)) into 2016/2017 and 2017/2018 Transition Auctions. Existing MWs (MWs from existing Capacity Resource(s)) are not subject to a pre-auction RPM Credit Requirement. Offered MW into the Transitional Auctions will first be used to convert current commitments for the delivery year, and any offered MW quantities above the previously cleared amount will be considered as new commitments.

Transitional Auction Credit Rates

The pre- and post-Auction Credit Rates for Planned Capacity Resources that offer into the Transition Auctions will be $25,010.15/MW-year and $31,957.28/MW-year for the 2016/2017 and 2017/2018 Transition Auctions, respectively. If a Planned Capacity Resource that already has an existing credit requirement for a given Delivery year due to clearing planned MWs in prior auctions for that Delivery Year wishes to participate in the Transition Auction for such Delivery Year, that Planned Capacity Resource will be required to provide additional credit equal to the incremental difference between the Delivery Year Transition Auction pre-auction credit requirement and the resource’s existing credit requirement for such Delivery Year. The post-Auction Transition Auction Credit Rates are fixed at the pre-Auction Transition Auction Credit Rate values.

Transitional Auction Credit Calculation

To calculate the credit requirements for a generation resource with planned MWs, take the planned MWs offered (in ICAP) multiplied by one minus the Sell Offer EFORd multiplied by the pre-auction credit rate [MWs * (1-EFORd) * PACR]. Multiply this amount by the adjustment factor if applicable (adjustment factor is 0.5 for an effective Interconnection Service Agreement (ISA); additional adjustment factors can be added by certifying that additional milestones have been met). Milestone Credit Reduction (“MCR”) information can be found in Manual 18: Section 4.8.6 Credit Milestones for Planned Generation Resources. Subtract from this number any credit already provided for those same planned MWs that were committed in earlier auctions for that same Delivery year. The result is the incremental credit needed to be provided for the Transition Auction for that Delivery Year.

Example 1 - 10 MW unit with a signed ISA but no previous commitment for the 16/17 Delivery Year:

A 10 MW unit with Sell Offer EFORd = 0.1 would first calculate its planned UCAP MWs as 9 MW. Multiplying 9 MW by the 2016/2017 pre-auction auction credit rate of $25,010.15/MW-year results in a gross pre-auction credit requirement of $225,091.35 for the unit. To get the final credit requirement, any applicable Milestone Credit Reduction factor should be applied, using the appropriate credit reduction factor in accordance with Section 4.8.6 of Manual 18. In the case where this unit only has a signed
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Interconnection Service Agreement\(^1\), the total credit requirement for the unit would be 50% times $225,091.35, or a total of $112,545.68.

**Example 2 - 10 MW unit with a signed ISA and a previous commitment for the 16/17 Delivery Year:**

A 10 MW unit with Sell Offer EFORd = 0.1 would calculate its planned UCAP MWs as 9 MW. Multiplying 9 MW by the 2016/2017 pre-auction credit rate of $25,010.15/MW-year results in a pre-auction credit requirement of $225,091.35 for the unit. This amount should be reduced by applying the appropriate credit reduction factor in accordance with Section 4.8.6 of Manual 18. In the case where this unit only has a signed ISA, the total credit requirement for the unit would be 50% times $225,091.35, or a total of $112,545.68.

However if the unit had previously cleared in prior auction(s) for the 2016/2017 Delivery Year, the existing credit requirement for the 2016/2017 Delivery Year can be subtracted from this calculated credit requirement of $112,545.68 to determine the incremental amount of credit that needs to be posted to participate in the 2016/2017 Transition Auction. Participants can find their previously cleared credit requirements for each delivery year through eRPM as follows.

Once you have logged on to eRPM, choose Credit on the left hand side and the Credit tab at the top. Choose the date within the delivery year and find the resource in the list under Credit Resource.

<table>
<thead>
<tr>
<th>Delivery Year</th>
<th>Auction Type</th>
<th>Resource ID</th>
<th>Resource Name</th>
<th>Type</th>
<th>Queue Number</th>
<th>Planned MW</th>
<th>Adjustment Factor</th>
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<td>CT 1</td>
<td>GEN</td>
<td>10</td>
<td>0.5</td>
<td></td>
<td>39134.21</td>
</tr>
</tbody>
</table>

This example resource has an existing credit requirement of $39,134.12 for the 2016/2017 delivery year. That amount can be subtracted from the calculated credit requirement of $112,545.68 to determine the incremental amount of credit ($73,411.56) that needs to be posted and allocated to RPM to participate in the 2016/2017 Transition Auction.