

Capital Recovery Factors (“CRF”) for Avoidable Project Investment Cost (“APIR”) Determinations

Effective July 2, 2021, the Capital Recovery Factors (“CRF”) of the table below will be used for Avoidable Project Investment Cost (“APIR”) determinations for all RPM Auctions conducted for the specified Delivery Years absent a future change in federal income tax laws. If federal income tax laws do change for any of the specified delivery years, the CRF values will be updated to reflect such change by no later than 150 days prior to the relevant auction.

Under existing Minimum Offer Price Rule (MOPR) and Market Seller Offer Cap (MSOC) rules, Capacity Market Sellers that wish to submit a Sell Offer higher or lower than the respective default prices may seek to obtain a unit-specific net Avoidable Cost Rate (ACR) for an existing Capacity Resource in accordance with the PJM OATT, Attachment DD, section 6.8(a). This section specifies the components of ACR, which can include APIR to reflect relevant project investment costs. In order to spread the recovery of investment costs on a levelized basis over the assumed remaining life of the asset, the investment costs are multiplied by the applicable CRF to obtain the APIR.

Age of Unit	Remaining Life of Plant	2022/23 Delivery Year	2023/24 Delivery Year	2024/25 Delivery Year	2025/26 Delivery Year
1 to 5	30	0.088	0.091	0.094	0.096
6 to 10	25	0.093	0.096	0.098	0.101
11 to 15	20	0.101	0.104	0.107	0.110
16 to 20	15	0.116	0.119	0.122	0.126
21 to 25	10	0.147	0.152	0.158	0.164
25 Plus	5	0.246	0.258	0.271	0.283
Mandatory CapEx	4	0.296	0.312	0.328	0.345
40 Plus Alternative	1	1.1	1.1	1.1	1.1