



DATE: November 12, 2021
TO: Capacity Market Participants
FROM: The Independent Market Monitor for PJM (MMU)
SUBJECT: Unit Specific Net Revenue Calculation (Dispatchable Units)

MMU Calculated Net Revenue Updates

On November 4, 2021, the MMU requested PJM's interpretation of the tariff definition of the Projected EAS Dispatch, for use in setting the Market Seller Offer Cap (MSOC) values for the 2023/2024 Base Residual Auction (BRA). While the MMU believes that the MMU's calculations were fully consistent with the tariff, the MMU believed that some of the results were not reasonable. For some units, the MMU model had committed units in real time that are generally not committed in real time by PJM. As a result, the MMU requested PJM's interpretation of the tariff.

Based on PJM's interpretation, and using updated inputs consistent with the tariff requirements, the MMU has recalculated net revenues for the 2023/2024 Base Residual Auction and provided those results on November 12, 2021, to the affected market participants in MIRA.¹

The MMU has also posted the resultant MSOC values for the 2023/2024 Base Residual Auction in MIRA on November 12, 2021.

The MMU will reopen the RPM Offer Cap Confirmation module in MIRA for Capacity Market Sellers.

The MMU has also recalculated net revenues for the 2023/2024 Base Residual Auction and provided the resulting alternative net revenues on November 12, 2021, to the affected market participants in MIRA that selected unit specific ACR. These recalculations reflect more realistic assumptions about plant operations than allowed by the tariff provisions governing the MMU calculations. These recalculations are consistent with the alternative net revenue calculation method defined in the tariff allowed for use by market participants seeking unit specific MSOC.² The alternative net revenues can be viewed in MIRA by selecting the 2023/2024 CP Base Residual Auction (Alternative) in the RPM/ACR module (ACR Calculation screen) and clicking the Export button.

¹ OATT Attachment DD Section 6.8(d-1), referencing OATT Attachment DD Section 5.14(h-1)(2)(B)(ii).

² OATT Attachment DD Section 6.8(d-1).

The MMU has also posted the resultant alternative MSOC values in MIRA on November 12, 2021. The MMU supports participant use of the alternative MSOC values, should participants choose to use them.

The MMU will discuss the results with any interested participant. To the extent that any participant that requested unit specific MSOC and uses actual fuel cost, e.g. inventory or contract cost, instead of replacement cost, the MMU has used the fuel price entered into MIRA by the participant. If the participant wants the MMU to include a more accurate estimate of the forward fuel costs, defined in the period from April 26 through June 4, 2021, please contact the MMU.