



DATE: March 7, 2022
TO: Capacity Market Participants
FROM: The Independent Market Monitor for PJM
SUBJECT: IMM Determinations Posted for the PJM 2023/2024 RPM Base Residual Auction

Update

On February 3, 2022, PJM posted updated escalated default Avoidable Cost Rate (ACR) values for the 2023/2024 Delivery Year. On January 21, 2022, PJM filed a revised schedule and deadlines in Docket No. EL19-58-010, including an activity called “PJM posts preliminary MOPR screen prices” in Attachment A. PJM has stated that they are interpreting this activity to mean the posting of default net CONE values for MOPR purposes as well as default gross ACR values for MOPR and MSOC purposes. As compared to the MOPR default net CONE posting, the gross ACR posting is not preliminary or a screen price, as unit specific net revenues are applied to default ACRs. PJM has also stated that there is no tariff defined deadline for posting default ACR values for MSOC purposes prior to an RPM auction. PJM is using OATT Attachment DD § 5.14(h-2) for ACR escalation rules, but using OATT Attachment DD § 6.4(a) for the deadline, or lack of deadline, for posting default ACRs for MSOC purposes. While the IMM does not agree with PJM’s interpretation, default ACR based MSOCs have been updated in MIRA using the gross ACR values that PJM updated on February 3, 2022.

December 22, 2021, Order re ORDC

On December 22, 2021, in Docket Nos. EL19-58-006 and ER19-1486-003, the Commission issued an Order on Voluntary Remand, reversing its prior determination that PJM should use a forward looking energy and ancillary services (E&AS) revenue offset and directing PJM to submit a compliance filing restoring the tariff provisions defining the backward looking E&AS revenue offset, and a revised schedule for the 2023/2024 and subsequent Base Residual Auctions. PJM filed a revised schedule and deadlines for market seller offer cap (MSOC) requests, minimum offer price rule (MOPR) requests, and must offer exception requests which FERC granted by order issued February 22, 2022, in Docket No. EL19-58-010.

IMM Determinations

As of Wednesday, March 2, 2022, Monitoring Analytics, acting in its capacity as the Independent Market Monitor for PJM, has posted Market Seller Offer Cap (MSOC) values, Minimum Offer Price Rule (MOPR) values, and determinations on RPM must offer exception requests for the 2023/2024 RPM Base Residual Auction, to RPM Auction participants’ RPM/ACR system accounts based on the data and information timely submitted by Capacity Market Sellers. IMM determination letters for each exception request with detailed explanations are also posted to participants’ MIRA accounts in the RPM Requests module.

The Market Monitor welcomes discussion with Capacity Market Sellers about the MSOC values and MMU determinations.

Capacity Market Seller Confirmations

Capacity Market Sellers should log into the RPM/ACR system in the Member Information Reporting Application (MIRA) and review the MSOC values, MOPR values, and MMU determinations on RPM must offer exception requests (which may be modified based on discussion with the Market Monitor). By Sunday, March 20, 2022, a Capacity Market Seller must confirm whether it agrees with the posted MSOC values or indicate the lowest MSOC value to which it commits. By Sunday, March 20, 2022, a Capacity Market Seller must confirm whether it agrees with the MMU determinations on RPM must offer exception requests. By Saturday, April 9, 2022, a Capacity Market Seller must confirm whether it agrees with the MMU MOPR value or indicate the minimum level of sell offer to which it agrees to commit under its MOPR unit specific exception request.

Capacity Market Sellers must also communicate directly to PJM their agreement or disagreement with the MMU values and determinations and, for MSOC requests, the values to which they agree or commit. If the Capacity Market Seller indicates disagreement with the MMU MSOC values or determinations, the Market Monitor will evaluate whether it must bring the matter to the attention of the Federal Energy Regulatory Commission.

Offer Caps

Instructions for using the “RPM Offer Cap Confirmation” module are available on the Monitoring Analytics website under “Tools”: https://www.monitoringanalytics.com/tools/docs/IMM_RPMACR_in_MIRA_User_Guide_20210913.pdf

Please note that the posted MSOC values for ACR based and opportunity cost based offer caps are in \$ per MW-day of installed capacity (ICAP) or nameplate MW. For non ELCC resources, the MSOC values will be converted to a UCAP basis at the time of the auction by dividing by (1 – sell offer EFORd). For ELCC resources, the MSOC values will be converted to a UCAP basis at the time of the auction by multiplying by the ratio of the Effective Nameplate MW to the lesser of Capacity Interconnection Rights (CIRs) or Accredited UCAP. The submission of sell offer prices and the application of MSOCs in the auction are on a UCAP basis.

Other RPM Requests

Instructions for using the MIRA “RPM Requests” module are available on the Monitoring Analytics website under “Tools”: http://www.monitoringanalytics.com/tools/docs/IMM_RPM_Requests_Module_User_Guide_20201215.pdf

Please direct any questions regarding this communication to the Monitoring Analytics RPM/ACR email address at rpmacr@monitoringanalytics.com.