

Monitoring Analytics

November 17, 2008

Re: Impact of IRM increase to 16.2 percent
To: PJM Members
From: Monitoring Analytics

In response to requests for a calculation of the impact of the proposed increase from 15.5 percent to 16.2 percent in the IRM, MA concludes:

1. The increase from 15.5% to 16.2% would have increased the cleared amount of capacity in the 2011/2012 RPM auction from 132,222 MW to 132,713 MW if all other parameters are held constant in the VRR used by PJM to clear the auction.
2. The increase from 15.5% to 16.2% would have increased the cleared amount of capacity in the 2011/2012 RPM auction from 132,222 MW to 132,514 MW if all other parameters are held constant in the VRR used by PJM to clear the auction except the pool-wide average EFORd which is increased from 6.21% to 6.44% in the VRR.
3. If the cleared amount of capacity had increased from 132,222 MW to 132,514 MW, the clearing price for the 2011/2012 RPM auction would have increased from \$110.00 per MW-day to \$115.50 per MW-day.
4. The result of the increased clearing price and the increased cleared volume of capacity would have been that the total value of cleared capacity would have increased from \$5,308,726,148 to \$5,586,436,190, an increase of \$277,710,042 for the 2011/2012 RPM annual auction.