



DATE: November 30, 2021
TO: Capacity Market Participants
FROM: The Independent Market Monitor for PJM
SUBJECT: IMM Determinations Posted for the PJM 2022/2023 RPM Third Incremental Auction

Market Seller Offer Cap Order

In the September 2, 2021, Order in Docket Nos. EL19-47-000, EL19-64-000, ER21-2444-000, and ER21-2877-000, the Commission established a market seller offer cap (MSOC) of net avoidable cost rate (ACR), replacing the net CONE times B offer cap.

Projected Net Energy & Ancillary Services Revenues

The IMM calculated net energy and ancillary services revenues for the 2022/2023 RPM Third Incremental Auction consistent with the method used to calculate the net revenues for the 2023/2024 Base Residual Auction provided on November 12, 2021, using the forward energy and fuel prices for the 2022/2023 Delivery Year, and otherwise using the same inputs used for the BRA net revenues.

IMM Determinations

Today, 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 requests for the 2022/2023 RPM Third Incremental Auction, to RPM Auction participants' RPM/ACR system accounts based on the data and information timely submitted by Capacity Market Sellers.

The Market Monitor welcomes discussion with Capacity Market Sellers about the MSOC values, MOPR 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 requests (which may be modified based on discussion with the Market Monitor). By Friday, December 10, 2021, 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 Friday, December 10, 2021, a Capacity Market Seller must confirm whether it agrees with the MMU determinations on RPM must offer exception requests, and CP must offer exception requests. By Thursday, December 30, 2021, 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 and MOPR requests, the values to which they agree or commit. If the Capacity Market Seller indicates disagreement with the MMU MSOC values, MOPR 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 for the 2022/2023 RPM Third Incremental Auction are in \$ per MW-day of unforced capacity (UCAP). For thermal generation resources and battery storage resources, the MSOC values were converted to a UCAP basis by dividing by (1 – final EFORD). For solar and wind generation resources, the MSOC values were converted to a UCAP basis by dividing by the capacity value factor, which is the ratio of the Capacity Interconnection Rights (CIRs) to the maximum facility output (MFO). The submission of sell offer prices and the application of MSOCs in the auction are on a UCAP basis.

Third Incremental Auction Offer Cap Option

For RPM Third Incremental Auctions, Capacity Market Sellers have the option to elect an offer cap for Existing Generation Capacity Resources, per PJM OATT Attachment DD § 6.4(d). Capacity Market Sellers who intend to use the MSOC option as defined in PJM OATT Attachment DD § 6.4(d) should make this election in the RPM Offer Cap Confirmation module during the notification period by Capacity Market Sellers on offer caps from November 30, 2021, through December 10, 2021.

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.