Proposed Modifications

CMEC

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Performance Incentives in Capacity Market

- **Capacity market is a mechanism to collect scarcity revenues**

- **Capacity market incentive structure should mimic that of the energy market**

- **Zero performance should result in zero capacity payments**

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Scarcity Pricing True Up

- **Capacity market is a mechanism to collect scarcity revenues**

- **Capacity market resources should not receive additional scarcity revenues from the energy market**

- **True up in settlements**

- **Historical offset for net CONE should not include scarcity revenues**

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Data Requirements (ACR, APIR, ect)

- **The MMU will request data from all participants that have cleared an offer including APIR**
  - **Data requested will be related to actual expenditures and timing of expenditures on APIR projects**
- **The MMU will request data related to new units**
  - **Data requested will be related to total costs in order to permit application of tariff rules**
- **Should data request authority should be included in RPM tariff?**

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Definition of Rest of RTO for Market Power Mitigation

- **Attachment DD § 6.1 applies to "any Locational Deliverability Area having a Locational Price Adder greater than zero."**

- **No Locational Price Adder applies to the rest of RTO LDA, which creates confusion about the application of mitigation to the rest of RTO LDA.**

- **The best solution is simply to delete the text after "Incremental Auction" in the second sentence of section 6.1, as this text creates the confusion identified above and adds nothing useful.**

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Proposed Revision to § 6.1

6.1   Applicability

The provisions of the Market Monitoring Plan in Attachment M to this Tariff apply to the Reliability Pricing Model Auctions. In addition, PJM shall apply market power mitigation measures, as set forth in this section 6, to any Base Residual Auction or Incremental Auction.~~for any Locational Deliverability Area having a Locational Price Adder greater than zero as determined by the optimization algorithm pursuant to section 5.12, but only in the event the Sell Offers that were accepted by such algorithm to resolve any locational constraint giving rise to the Locational Price Adder (and that would not have been accepted absent such constraint), and all Sell Offers that would resolve such constraint remaining available but unaccepted by such algorithm, collectively fail the Market Structure Screen set forth in this section 6. PJM shall also apply market power mitigation measures, as set forth in this section 6, to any Base Residual Auction or Incremental Auction for the entire PJM Region. This section also specifies an offer requirement applicable to all Capacity Resources, regardless of Locational Deliverability Area.~~

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