

Capacity Market Design Issues

Capacity Market
Workshop – Session 3
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Capacity Market

- **Assume MOPR elimination.**
- **Competitive market is fundamental.**
- **Minimize changes to design of PJM capacity market.**
 - **No need for multiple stages to address issue**
- **PJM capacity market is a market.**
- **All markets have administrative elements and rules.**
- **PJM market is not a residual market.**
 - **Must offer**
 - **Must buy**
- **PJM market facilitates bilateral contracts.**

Capacity Market Design: Single States

- **Single state subsidies/objectives/plans.**
 - State programs choose resources
- **Capacity contribution is defined by PJM rules**
- **State resources offer into capacity auction at a price they choose**
- **Or local demand curve for capacity shifts**
- **Supply shift or demand shift**
- **Locational issues**
- **PJM capacity auction clears across entire footprint.**
 - **Complex impacts**

Capacity Market Design: Multi State

- **Multi state/PJM design for common state objectives**
- **PJM market to meet common state objectives**
 - **Defined product**
 - **Defined quantity**
 - **Competitive, least cost procurement**
- **PJM demand curve**
 - **Optimization within PJM capacity market model**
- **Supply curve of competing/qualifying resources**
 - **Restrictions**
- **Separate demand curves**
 - **Locational issues**

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