

FERC Order 904

MIC

12.04.2024

IMM



Monitoring Analytics

Reactive Revenues

- **FERC Order 904 set reactive capability revenues to zero.**
 - **Effective date 10.17.2024**
- **The VRR curve Net CONE values include reactive capability revenue offset equal to \$2,199 per MW-year.**
- **Implementation coordination with net revenue offset in VRR curve in RPM.**
 - **Transition details.**

Reactive Revenues in RPM

- The VRR curve includes reactive revenues in net revenues in Net CONE
 - $\text{Gross CONE} - \text{Net Revenues} = \text{Net CONE}$
 - Reactive revenues = \$2,199 per MW-year; \$6.02 per MW-day
- If $1.5 * \text{Net CONE} > \text{Gross CONE}$
 - $1.5 * \text{Net CONE}$ defines point A on VRR curve
- If $\text{Gross CONE} > 1.5 * \text{Net CONE}$
 - Gross CONE defines point A on VRR curve

Reactive Revenues in RPM

- **If $1.5 \times$ Net CONE defines point A on VRR curve**
 - Inclusion of reactive revenues reduces capacity market prices
- **If Gross CONE defines point A on VRR curve**
 - Inclusion of reactive revenues does not change point A and does not change maximum price on VRR curve
- **Gross CONE used in price separated LDAs in 25/26 BRA**
 - Net CONE not used for point A on VRR curve
 - No effect of reactive revenue offset on Point A

Reactive Revenues in RPM

- **RPM price impact from Point B in 25/26 BRA for LDAs other than BGE and DOM:**
 - Reduced capacity market price by \$4.02/MW-day.
 - Reduced capacity market revenue by 1.1 percent.
 - Reduced capacity market revenue by \$168,779,851
- **BRA price cleared at maximum price (point A price) for BGE and DOM**
 - The reactive revenue offset had no impact on the BRA clearing price for BGE or DOM.

Transition

- **Reactive revenues should be removed from net revenues for 26/27 BRA based on Order 904.**
- **All reactive capability payments should end on 05.31.2026 for LDAs other than BGE and DOM.**
- **All reactive capability payments should end on 05.31.2025 for BGE and DOM.**
- **Legacy reactive capability payments to existing units should be capped at lesser of legacy rate or \$2,199 per MW-year until all legacy payments ended.**
 - **Do not provide reactive capability payments to any new resources**



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