

### Submittal of Sell Offers in CP Transition Auctions

PJM urges Capacity Market Sellers that intend to offer into any of the CP Transition Auctions to thoroughly review the posted document entitled “**Capacity Performance Transition Incremental Auctions - Rules, Schedule and Planning Parameters**” prior to participating in the Transition Auctions.<sup>1</sup> In addition, PJM highlights below several aspects of submitting Transition Auction Sell Offers into the eRPM system, some of which may differ from submitting Sell Offers in a Base Residual Auction (“BRA”) or a Scheduled Incremental Auctions (“IA”):

- All Sell Offers submitted into a Transition Auction are for CP commitments. **Any MW quantity cleared by a resource in a Transition Auction will first replace any existing Delivery Year commitment quantity** that the resource may have obtained by clearing in prior auctions for the Delivery Year.
  - Rule #15 of the “Capacity Performance Transition Incremental Auctions - Rules, Schedule and Planning Parameters” document describes how existing delivery year commitments are reset for resources that have a current delivery year commitment that is partially or wholly replaced by a Transition Auction CP commitment.
  - Participants that want to maintain records of prior auction clearing results for their resources that offer into the Transition Auctions should promptly download relevant prior auction results from the eRPM system since these results will be reset to reflect replacement by cleared CP Transition Auction resource commitments.
- For Generation Resource Sell Offers, submittal of Sell Offers into a Transition Auction via the eRPM Resource Offer screen will differ from Sell Offer submittals into a BRA or IA in the following ways:
  - the Minimum Available ICAP MW will be zero since participation is voluntary, therefore, there is no required minimum quantity that a Generation resource must offer.
  - the Maximum Available ICAP MW will show the maximum CP MW quantity that can be offered into the Transition Auction and will be equivalent to the full ICAP MW value of the resource. Unlike a Scheduled Transition Incremental Auction, this value is not reduced by cleared MWs that had been committed in prior auctions for the delivery year since this quantity is available to offer in the Transition Auctions, and will replace any or all of such prior auction commitments if cleared.
  - **In a Transition Auction, given the absence of a required minimum sell offer quantity, a seller may directly submit each Sell Offer segment quantity in UCAP MW terms by simply specifying a Sell Offer EFORD of zero.** The Sell Offer MW quantity of each offer segment is submitted in ICAP MW terms and converted to UCAP MW terms using the specified Sell Offer EFORD value ( $UCAP\ MW = ICAP\ MW * (1 - EFORD)$ ), therefore,

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<sup>1</sup> “Capacity Performance Transition Incremental Auctions - Rules, Schedule and Planning Parameters” document is located at: <http://www.pjm.com/~media/markets-ops/rpm/rpm-auction-info/2016-2018-cp-transition-incremental-auctions-rules-schedule-planning-parameters.ashx>

specifying a Seller Offer EFORd value of zero effectively results in each segment quantity being offered in UCAP MW terms.

- All DR and EE Resources Sell Offer quantities are submitted in ICAP MW terms. The Sell Offer quantities are converted to UCAP MW using the updated FPR and DR Factors applicable to the Delivery Year (UCAP MW = ICAP MW \* FPR \* DR Factor).
- The Credit Requirement for Planned Capacity Resources that offer into a Transition Auction is described in Rules #17, #18 and #19 of the posted “Capacity Performance Transition Incremental Auctions - Rules, Schedule and Planning Parameters” document. In addition, PJM notes the following items related to credit requirement for the Transition Auctions:
  - The “MPCE” field of the Resource Offer screen of the eRPM system must be blank. Credit-Limited offers cannot be utilized with CP Sell Offers since pre-auction credit requirement rates are equal to post-auction credit requirements.
- A seller that intends to offer a Planned Capacity Resource (including a planned uprate of an existing resource) into a Transition Auction should notify PJM promptly to ensure that the proper amount of credit is determined and maintained. More detailed instructions for credit requirement of planned generation resources are located at:  
<http://www.pjm.com/~media/markets-ops/rpm/rpm-auction-info/20150820-transitional-auction-instructions.ashx>