



**Capacity Construct / Public Policy Senior Task Force Report**  
**PJM Interconnection**  
**Members Committee Webinar**  
**October 23, 2017**

The Capacity Construct / Public Policy Senior Task Force Report (CCPPSTF) held its 1<sup>st</sup> meeting on March 6, 2016. The Problem Statement and Issue Charge were approved by the Markets & Reliability Committee (MRC) at its January 26, 2017 meeting. The Charter is expected to be approved by the MRC at its April 27, 2017 meeting.

At the March 6<sup>th</sup> meeting, stakeholders reviewed the genesis of the group and the draft charter. PJM staff provided education presentations regarding the economic/theoretical objectives and characteristics of capacity markets, as well as objectives and characteristics that were identified in prior Reliability Pricing Model FERC filings. Stakeholders engaged in a brainstorming activity to identify objectives and characteristics of a well-functioning capacity construct in accordance with the Issue Charge's Key Work Activity 1.

At the March 27<sup>th</sup> meeting, stakeholders continued development of the objectives and characteristics of capacity markets, and began education regarding Key Work Activity 2 related to state policy objectives.

At the April 21<sup>st</sup> meeting, stakeholders continued to refine objectives and characteristics of capacity markets (KWA 1), and began development of the list of state activities (KWA2).

At the May 5<sup>th</sup> meeting, stakeholders continued development of the state activities list

At the May 22<sup>nd</sup> meeting, stakeholder reviewed the results of a poll on objectives and characteristics of capacity markets completing KWA1 and continued evaluation of state activities and began consideration of how to compare the state activities to the current RPM construct (KWA3).

At the June 5<sup>th</sup> meeting, stakeholders completed the state activities list, considered additional information on KWA 3, and began development of design components for consideration in the development of potential solutions (KWA4).

At the June 26<sup>th</sup> meeting, stakeholders neared completion of KWA 2, continued work on KWA 3 and received a presentation of the PJM repricing proposal in KWA 4.

At the July 17-18<sup>th</sup> meeting stakeholders complete work on KWA 2, neared completion of KWA 3 and received presentations on KWA 4 proposals from NRG, LS Power and AMP. Additionally, the Market Monitor shared thoughts on the various proposals.



At the August 2-3<sup>rd</sup> meeting stakeholders received presentations on KWA 4 proposals from PJM, AMP and LS Power. The IMM and stakeholders discussed the various proposals and continued discussion of the re-pricing triggering mechanisms and closed KWA 3.

At the August 16-17<sup>th</sup> meeting PJM reviewed initial development of a limited model intended to permit stakeholders to examine the mechanics of the different proposals. Education was provided on the current Fixed Resource Requirement rules. Stakeholders continued development of re-pricing triggers, and received presentations on the Capacity Choice, LS Power and Exelon proposals. Breakout sessions were conducted to evaluate the pros and cons of the different proposal groupings.

At the August 23<sup>rd</sup> meeting stakeholders continued development of re-pricing triggers, received updates to proposals by AMP, NRDC and the IMM and reviewed the results of the modelling performed by PJM staff.

At the August 29<sup>th</sup> meeting stakeholders continued development of re-pricing triggers and reviewed potential polling questions.

At the September 11-12<sup>th</sup> meeting continued development of re-pricing triggers, received education on the currently employed Minimum Offer Price Rule, and received presentations on all ten proposals.

A poll was initiated following the September 11-12<sup>th</sup> meeting. Results were discussed at the September 26<sup>th</sup> meeting. Two proposals were withdrawn: ODEC and Capacity Choice.

At the October 16<sup>th</sup> meeting stakeholders reviewed updates to the remaining proposals.

Next meeting: November 1, 2017

Author: Dave Anders