

## Capital Recovery Factor for Avoidable Project Investment Rate Determinations

### Issue Source

As specified in section 6.8(a), Attachment DD of the PJM Tariff, a Capital Recovery Factor (“CRF”) is used to calculate the Avoidable Project Investment Rate (“APIR”) as a component of the Net Avoidable Cost Rate (“ACR”) of a resource that is seeking a resource-specific Market Seller Offer Cap or a resource-specific MOPR Floor Offer Price. This section of the PJM Tariff includes a table with a unique CRF value specified for each of eight different assumed capital recovery periods. In 12/3/2020, the PJM IMM posted a statement expressing concern that the values of the CRF table are incorrect because they do not reflect current federal tax laws. PJM understands the IMM concern and proposes to address the issue as part of the Quick Fix process which is outlines in Manual 34, Section 8.6.1.

### Issue Content

As part of the Quick Fix process, PJM requests that the MIC simultaneously approve the issue charge and the proposed resolution at the 3/10/2021 MIC Meeting. The proposed resolution is described in the accompanying Powerpoint presentation. The proposed resolution is also described by the accompanying redlined Tariff language.

### Expected Deliverables

MIC to simultaneously approve the Issue Charge and proposed resolution at the 3/10/2021 MIC meeting.

### Decision-Making Method

Tier 1 (consensus)

### Stakeholder Group Assignment

PJM requests MIC that the MIC simultaneously approve the issue charge and the proposed resolution at the 3/10/2021 MIC Meeting.

### Expected Duration of Work Timeline

PJM requests MIC that the MIC simultaneously approve the issue charge and the proposed resolution at the 3/10/2021 MIC Meeting. Tariff language would be filed so that proposed resolution can be effective with the 2023/2024 BRA.

Start Date	Priority Level	Timing	Meeting Frequency
3/10/2021	<input checked="" type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low	<input checked="" type="checkbox"/> Immediate <input type="checkbox"/> Near Term <input type="checkbox"/> Far Term	<input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly

**Charter**

*(check one box)*

<input type="checkbox"/>	This document will serve as the Charter for a new group created by its approval.
<input checked="" type="checkbox"/>	This work will be handled in an existing group with its own Charter (and applicable amendments).

*More detail available in M34; Section 6*