

Capacity Transfer Rights in RPM

Issue Source

Buckeye Power, Inc.

Issue Content

Within the context of PJM's current Reliability Pricing Model ("RPM"), capacity market congestion revenues occur when there is a difference between clearing prices paid by load for capacity and the market revenue received by cleared capacity market resources.

Capacity Transfer Rights ("CTRs") return such RPM congestion revenues to load serving entities ("LSEs"). Across a constrained Locational Delivery Area ("LDA") or zone, CTRs permit LSEs to receive a credit for the importation of capacity from a lower-priced region such as the RTO LDA to the constrained LDA.

This issue charge is intended to address education on the current capacity market rules with regard to how CTRs are allocated to LSEs in a constrained LDA. In addition to education, we expect to explore potential enhancements to the allocation of CTRs to LSEs that recognizes designated historic network resources (pre-RPM) and network load identified in a LSE's Network Integration Transmission Service Agreement ("NITSA"), without changing the total amount of available CTRs or the establishment or allocation of Incremental Capacity Transfer Rights ("ICTR").

Key Work Activities and Scope

The following are some key work activities that should be undertaken to address the issue articulated above.

- KWA # 1: Education on the current capacity market rules regarding how CTRs are allocated to LSEs in a constrained LDA.
- KWA # 2: Determine whether historic resources should be accounted for in the determination of CTR allocations.
- KWA # 23: Explore potential enhancements to the allocation of CTRs to recognize designated historic network resources and network load identified in a NITSA, if appropriate, without changing the total amount of available CTRs or the ICTR allocation.

Out of Scope

- ICTR allocation

Expected Deliverables

Tariff (Attachment DD) and Manual 18 language; filing at the Federal Energy Regulatory Commission.

Decision-Making Method

Tier 1 consensus (unanimity) on a single proposal.

Stakeholder Group Assignment

PJM Market Implementation Committee ("MIC").

Expected Duration of Work Timeline

Given the timing considerations of upcoming RPM auctions, as well as the scope of the assignment and deliverables, it is proposed and recommended that KWA #1 begin in April 2021 and KWA # 2 begin thereafter, with work to conclude in four to five (4-5) months.

Start Date	Priority Level	Timing	Meeting Frequency
3/1/2021	<input type="checkbox"/> High <input checked="" type="checkbox"/> Medium <input type="checkbox"/> Low	<input type="checkbox"/> Immediate <input checked="" 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).