

Capacity Construct / Public policy Sr. Task Force (CCPPSTF)

“Actionable and Non-Actionable Subsidies” Design Components

Introduction

At the August 2/3, 2017 CCPPSTF Capacity Construct / Public Policy Sr. Task Force meeting (CCPPSTF), stakeholders assembled the items listed below as “sub-components” for design component number 1 in the CCPPSTF Matrix: “Actionable and Non-Actionable Subsidies” (commonly referred to as “triggers”). The listed potential triggers could reflect a material outcome of market payment that would initiate a unit’s repricing (or other mitigation measures) in the Capacity Market under several of the proposals being considered by the CCPPSTF. Each main bullet below is a category for consideration while the sub-bullets are examples of potentially meaningful variables applicable to each category. If stakeholders wish to propose options for triggering mechanisms to accompany repricing proposals, options should be developed for the appropriate sub-component below.

Design Sub-Components

- Size Materiality
 - MW in RTO
 - MW in LDA
 - By resource
 - By program
 - Exemption for small resources?
- Economic materiality
 - Is the resource economic without the subsidy?
 - Percent of the resources revenue
 - Is the subsidy amount greater than 1% of actual or anticipated market revenues?
- Payment type (one-time grant versus continuing revenue stream)
- Fixed/bounded versus unknown value (fixed amount/volumetric, capacity versus capacity + energy recovery)
- Time Horizon (how long before an auction is the triggering subsidy known)
- Grandfathering
- Jurisdiction
 - Federal
 - State
- Economic impact (eligible versus actual recovery)
- Resource Revenue source

- Is the revenue source outside of the PJM settlement system/outside products associated with PJM's traditional services?
 - Is it associated with revenues being provided for services that are valued outside the PJM marketplace (valued by entities outside of PJM)?
 - Transacted in a competitive non-discriminatory market?
 - Is it transacted in a competitive discriminatory market (such as locational reactive resources)?
 - Non-bypassable charge (a mandatory charge paid by electric load)
- Resource attributes – performance characteristics
 - Technology type
 - Location
 - Emissions
- Resource attributes – other
 - Tax base
 - Jobs