

# Default Capacity Repricing Value

PJM

CCPPSTF

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- Under PJM's Capacity Market Repricing Proposal, capacity market offers of subsidized resources will be adjusted in a second, price-setting stage of the RPM auction
- To ensure the adjusted offer price is not over/under stated the adjusted price of actionable subsidized resources will be:
- *Greater of:*
  1. *Offer Price;*
  2. *Lower of:*
    - a. *Offer Price + subsidy,*
    - b. *Default CRV – Net EAS Revenue*

$$\text{Adjusted Offer Price} = \max(\text{Offer Price}, \min(\text{Offer Price} + \text{Subsidy}, \text{Default CRV} - \text{Net EAS Revenue}))$$

- PJM will determine the value of the subsidy, with input from market participant, and IMM

## Example 1

- ‘Gen X’ offer price = \$190/MW-d
- Subsidy = \$250/MW-d
- Default CRV = \$586/MW-d
- Net EAS revenues = \$450/MW-d

$\text{Max}(\$190, \text{min}(\$190 + \$250, \$586 - \$450))$

$\text{Max}(\$190, \text{min}(\$440, \mathbf{\$136}))$

**$\text{Max}(\$190, \$136)$**

**Adjusted Offer Price = \$190/MW-d**

## Example 2

- ‘Gen Y’ offer price = \$0/MW-d
- Subsidy = \$100/MW-d
- Default CRV = \$183/MW-d
- Net EAS revenues = \$120/MW-d

$\text{Max}(\$0, \text{min}(\$0 + \$100, \$183 - \$120))$

$\text{Max}(\$0, \text{min}(\$100, \mathbf{\$63}))$

**$\text{Max}(\$0, \$63)$**

**Adjusted Offer Price = \$63/MW-d**

*$\text{max}(\text{Offer Price}, \text{min}(\text{Offer Price} + \text{Subsidy}, \text{Default CRV} - \text{Net EAS Revenue}))$*



# Default Capacity Repricing Value 2021/2022 \$/UCAP MW-day

Capacity Value for Repricing			
Existing Units	Default CRV	Net E&AS Revenue Low Estimate	Net CRV
Nuclear - single	\$614	\$376	\$248
Nuclear - dual	\$576	\$376	\$210
Coal	\$167	\$90	\$93
CC	\$88	\$29	\$58
CT	\$61	\$21	\$40
Hydro	\$70	\$157	\$0
Pumped Hydro	\$25	\$133	\$0
Solar PV	\$163	\$316	\$0
Onshore Wind	\$444	\$1,295	\$0
DR			\$215
EE			\$215
Net CONE * B			\$215

Capacity Value for Repricing			
New Units	Default CRV	Net E&AS Revenue	Net CRV
Adv Nuclear	\$3,075	\$695	\$2,381
SuperCritCoal	\$1,698	\$283	\$1,415
Current CC	\$524	\$280	\$244
Current CT	\$413	\$150	\$263
Hydro	\$2,157	\$157	\$2,001
Solar PV	\$1,910	\$466	\$1,443
Onshore Wind	\$6,788	\$1,613	\$5,176
Offshore Wind	\$10,198	\$1,613	\$8,586
DR			\$215
EE			\$215

- Should CP risk premium be added (included) to the CRV?
  - PJM is not including a CP risk adder in its proposal. However, if and at such time the CP risk adder can be computed for the purposes of the CRV, PJM would consider addressing that with stakeholders for any future tariff revisions regarding the same.
- Does the carrying charge (15%) include the FOM
  - No
- Add more unit types (e.g. offshore wind)
  - Added offshore wind and separated single/dual nuclear units
- Net energy revenue offset may be affected by “Energy Price Formation”
  - There is a link between the capacity and energy markets
- If a unit is offered at zero before and after subsidy do we need to reprice
  - Resources receiving actionable subsidies will be repriced