

## PJM unit specific MSOC process and documentation support requirements

- 1) PJM and the IMM will use the same ACR template to determine MSOC values. Please see the IMM Tools webpage for more information. Please also see the following ([IMM MSOC slides.ashx](#)).
- 2) All deadlines for the unit specific process are published on [pjm.com](#) at [Capacity Auction Deadlines](#). Please see Activity Type = "Seller Offer Caps"
- 3) Avoidable Cost Rate is based on:
  - a. Avoidable Cost Rate for unit to not operate ("mothballed") for the Delivery Year but will remain operational for the following Delivery Year or;
  - b. Avoidable Cost if unit permanently retires before the applicable Delivery Year
    - i. Seller must submit officer certification that the unit will retire prior to the applicable Delivery Year if it does not clear in the auction, or:
    - ii. Seller submit a deactivation notice to PJM prior to the auction
- 4) Seller must update MIRA whether they agree or disagree with IMM price by the deadline. To indicate whether or not the Seller agrees or disagrees the Seller must update MIRA with the MSOC price (see [MIRA User Guide](#), see section 7.4 for instructions) before the deadline.
  - a. If Seller MSOC price in MIRA is same as IMM determined price then Seller agrees with IMM price.
  - b. If Seller MSOC price is greater than the IMM price then Seller disagrees with IMM price and would like to escalate to PJM for review.
  - c. **If Seller does not provide a price by the deadline then Seller will be subject to default Market Seller Offer Cap (default Gross ACR minus unit specific EAS offset).**
- 5) If Seller disagrees with IMM determined MSOC, then Seller must provide PJM all supporting detail by uploading completed PJM template ([MSOC Seller Disagreement with IMM template](#)) to MIRA. Supporting information must include the following:
  - a. By Gross ACR component (AMOL...CRF) or EAS offset.
    - i. Why Seller disagrees with IMM.
    - ii. Reference to qualified supporting documentation that supports Seller requested value.
    - iii. Seller should only provide new information upon request by PJM and upload to MIRA.

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Example of ACR Disagreement template

Capacity Market				
Seller =	Member A			
Unit Name =	Wolf Creek Unit 1			
Contact =	joe.smith, joesmith@memberA.com			
<b>Type</b>	<b>Component</b>	<b>Reason Item was rejected by IMM</b>	<b>Seller reason PJM should approve</b>	<b>Support Documentation</b>
<b>Opportunity Cost</b>				
Gross ACR	Adjustment Factor			
Gross ACR	AOML	no support for % allocation	% allocation was supported	see MIRA, document Y.xls, sheet A (row16)
Gross ACR	AAE			
Gross ACR	AFAE			
Gross ACR	AME	Support documentation not provided	Support information was provided	see MIRA, document X.pdf, page 10
Gross ACR	AVE			
Gross ACR	ATFI			
Gross ACR	ACC			
Gross ACR	ACLE			
Gross ACR	ARPIR			
Gross ACR	APIR			
Gross ACR	CPQR		Officer Certification already provided	see MIRA, OfficCert.pdf
Gross ACR	Other			
<b>EAS revenue</b>				
Avoidable Cost Rate = [Adjustment Factor * (AOML + AAE + AFAE + AME + AVE + ATFI + ACC + ACLE) + ARPIR + APIR + CPQR]				

- 6) PJM will determine whether to accept or reject the Seller requested MSOC price submitted in MIRA as described above.
  - a. If PJM rejects, then Seller may use default (if available) or upon approval by PJM, the IMM proposed value received before the Seller decision deadline.
  - b. PJM will not calculate the MSOC value.
  - c. Seller may not modify the requested value sent to PJM after the deadline to submit to PJM.
  - d. If PJM determines the Seller value submitted for any component is not supported then the Seller request will be denied.
    - i. For example, if PJM agrees with all components except for EAS offset then PJM will reject the Seller request.
  
- 7) MSOC value is one value per Resource, and cannot be a different value by MW output.
  
- 8) Opportunity Cost shall be the documented value available to an existing generation resource in a market external to PJM. Opportunity Cost are not based on a PJM internal energy only resources.
  
- 9) PJM and the IMM have similar documentation requirements as posted on the MIRA website with the following clarifications for the PJM review process:
  - a. [PJM MSOC Officer Certification](#) – this certification will facilitate the PJM review process where the Capacity Market Seller does not agree with the IMM determination and requests PJM to review the Seller’s submitted netACR value. This can be used to support that Gross ACR does not include cost that are includable in the Seller’s cost based energy market offer.

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- b. CPQR determination and support documentation. CPQR represents the estimated cost to mitigate CP penalty risk. It does not represent CP penalty risk<sup>1</sup>. Support documentation may include one or both of the following options:
- i. Insurance premium/expenses or quote for penalties associated with capacity non-performance risk (energy market risk must be excluded). Please provide: Date of tender, Insured (Legal Entity & Domicile), Perils Insured Against, Inception Date, Expiration Date, Covered Unit(s), Capacity (MW), Committed UCAP (MW), Term Deductible, Policy Coverage Limit \$, Unit specific information used to determine the premium or quote (eFORd, etc.). If premium or quote is for multiple resource then Seller must determine resource specific value and provide the methodology to PJM.
  - ii. Expected non-performance charges for the Delivery Year which represents the estimated cost to mitigate the risk:
    1. Financial statement, audit report, internal accounting records or other management records that reflects the value, and description of process and calculations, or;
    2. Officer Certification that the value represents the expected penalty cost for the delivery year and detailed support for all calculations (PAIs, outage rates and time periods used to determine probabilities, etc.), or;
    3. Other, consistent with the tariff and as approved by PJM.

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<sup>1</sup> For example, If Seller believes CP risk is \$80 MW/Day at the 95th percentile; this represents the risk and does not qualify as CPQR.