



2016/2017 RPM Capacity Performance Transition Incremental Auction Results

Introduction

The 2016/2017 Capacity Performance Transition Incremental Auction (“CP Transition Auction”) opened on August 27, 2015, and the auction results were posted on August 31, 2015. This document provides information for PJM stakeholders regarding the results of the 2016/2017 CP Transition Auction.

CP Transition Auctions for the 2016/2017 and 2017/2018 Delivery Years are part of a five-year transition to a single capacity product type beginning with the auctions for the 2020/2021 Delivery Year. Such transition over five years provides opportunity for resources to invest in, and sufficient time to build and make improvements (e.g., dual fuel, firm gas contracts, etc.) necessary to meet the operational and performance requirements expected of Capacity Performance Resources.

The CP Transition Auctions seek to procure a prescribed percentage of the PJM Region’s Reliability Requirement of CP Resources based upon voluntary offers from Capacity Market Sellers.¹ Resources that clear in a CP Transition Auction will convert any existing capacity commitment obtained by clearing in prior auctions for the relevant Delivery Year to CP. Capacity payments for resources that clear in a CP Transition Auction will be based on the clearing price resulting from the CP Transition Auction, and sellers that commit as CP Resources for either of these two years will be subject to the CP performance requirements and associated Non-Performance Assessment Charge.

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The target procurement quantity for the CP Transition Auction for the 2016/2017 Delivery Year was 95,096.6 MW (60% of the updated Reliability Requirement for the 2016/2017 Delivery Year). **The auction procured the entire quantity of 95,096.6 MW of CP Resources at an auction clearing price of \$134.00/MW-day.** The auction clearing price cap was \$165.27/MW-Day (established as 50% of the Net CONE of the PJM Region used in the 2016/2017 BRA). The auction clearing price is not permitted to exceed the auction clearing price cap. While resource sell offers into the CP Transition Auction were not subject to mitigation, any resource submitting a sell offer at a price greater than the auction clearing price cap would not clear the auction. The clearing price resulting from the auction was below the established price cap because sufficient supply of CP resources was offered into the auction at offer prices below the cap, and is strong evidence of competitive offer behavior.

While the CP Transition Auctions are cleared as a single clearing price auction without location-specific requirements, it is important to note that the auction construct results in only conversion of existing commitments or new commitments, therefore, total commitments levels within modeled LDAs are never reduced and can only possibly increase thereby implicitly maintaining and respecting all LDA capacity import limits.

¹ The planning parameters (including the target procurement quantity and auction clearing price caps) and participation eligibility requirements for the CP Transition Auction are located at <http://www.pjm.com/~media/markets-ops/rpm/rpm-auction-info/2016-2018-cp-transition-incremental-auctions-rules-schedule-planning-parameters.ashx>.



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As can be seen from Table 1 below, the total 95,096.6MW of CP Resources procured in the auction was comprised of the conversion of 90,850.8MW of previously committed resources, plus 4,245.8 MW of resources that did not have a prior commitment or that cleared in a quantity greater than the previous resource commitment level.

Table 2 shows the total generation resources committed as CP via the Transition Auction. 89,932.4 MW of generation resources with prior existing RPM commitments cleared in the auction and therefore converted those commitments to CP. 3,596.2 MW of generation resources that increased their commitment level or did not have a prior RPM commitment also cleared in the auction and therefore committed as CP Resources. Table 3 further breaks down the generation resources that cleared the auction by major fuel type.

Finally, Table 4 shows the breakdown of Demand Response (DR) and Energy Efficiency (EE) resources that cleared the Transition Auction. A total of 618.6MW of DR resources cleared in the Transition Auction, of which 391.9MW had a prior RPM commitment and 226.7MW did not. A total of 949.4MW of EE resources cleared in the auction, of which 526.5MW had a prior RPM commitment and 422.9MW did not.

Table 1 – Offered and Cleared CP Quantities for All Resource Types

LDA	Offered Capacity			Cleared Capacity		
	Offered Capacity (UCAP MW)	Offered as Conversion to CP (UCAP MW)	Offered as New CP (UCAP MW)	Cleared Capacity (UCAP MW)	Converted Commitment (UCAP MW)	New Commitment (UCAP MW)
RTO (minus MAAC)	84,207.3	80,685.0	3,522.3	78,982.5	75,483.6	3,498.9
MAAC	35,347.6	34,240.6	1,107.0	16,114.1	15,367.2	746.9
Total RTO	119,554.9	114,925.6	4,629.3	95,096.6	90,850.8	4,245.8

RTO (minus MAAC) comprised of AEP, APS, ATSI, ComEd, Dayton, DEOK, DOM, EKPC and Duquesne Zones

MAAC consists of the AECO, BGE, DPL, JCPL, Met-Ed, PECO, Penelec, PEPCO, PPL, PSEG and RECO Zones



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Table 2 – Offered and Cleared CP Quantities for Generation Resources

Zone	Offered Capacity (UCAP MW)	Cleared Capacity (UCAP MW)	Converted Commitment (UCAP MW)	New Commitment (UCAP MW)
AECO	769.1	426.9	426.9	0.0
AEP	13,344.6	13,278.3	13,254.9	23.4
APS	6,884.8	6,792.0	6,576.8	215.2
ATSI	8,343.9	4,608.5	2,133.1	2,475.4
BGE	3,235.6	958.9	958.7	0.2
COMED	19,297.7	19,188.1	19,114.2	73.9
DAY	2,994.5	2,888.3	2,888.3	0.0
DEOK	1,421.5	1,315.8	1,315.8	0.0
DOM	22,559.9	22,002.0	21,960.3	41.7
DPL	2,035.5	169.6	169.2	0.4
DUQ	2,307.9	2,307.9	2,307.9	0.0
EKPC	2,432.0	2,264.0	2,264.0	0.0
EXT	3,085.6	2,980.4	2,945.6	34.8
JCPL	2,118.4	580.7	580.7	0.0
METED	2,854.2	920.9	904.3	16.6
PECO	7,667.6	5,659.4	5,653.4	6.0
PENELEC	5,138.3	2,632.6	1,925.1	707.5
PEPCO	3,057.8	253.0	253.0	0.0
PPL	5,571.2	2,630.8	2,629.7	1.1
PSEG	2,632.8	1,670.5	1,670.5	0.0
Total RTO	117,752.9	93,528.6	89,932.4	3,596.2



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Table 3 – Offered and Cleared CP Quantities for Generation Resources by Major Fuel Types

Fuel Type	Offered Capacity (UCAP MW)	Cleared Capacity (UCAP MW)	Converted Commitment (UCAP MW)	New Commitment (UCAP MW)
Coal	38,891.2	32,622.3	29,185.0	3,437.3
Gas	40,269.3	29,629.4	29,541.7	87.7
Nuclear	29,702.4	26,146.1	26,099.8	46.3
Hydro	3,635.9	2,546.9	2,543.3	3.6
Wind, Solar, and Other Renewables	827.1	734.0	720.1	13.9
Other	4,427.0	1,849.9	1,842.5	7.4
Total RTO	117,752.9	93,528.6	89,932.4	3,596.2

Table 4A – Offered and Cleared CP Quantities for DR

LDA	Offered Capacity (UCAP MW)	Cleared Capacity (UCAP MW)	Converted Commitment (UCAP MW)	New Commitment (UCAP MW)
RTO (minus MAAC)	795.3	617.6	390.9	226.7
MAAC	57.3	1.0	1.0	0.0
Total RTO	852.6	618.6	391.9	226.7

RTO (minus MAAC) comprised of AEP, APS, ATSI, ComEd, Dayton, DEOK, DOM, EKPC and Duquesne Zones

MAAC consists of the AECO, BGE, DPL, JCPL, Met-Ed, PECO, Penelec, PEPCO, PPL, PSEG and RECO Zones



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Table 4B – Offered and Cleared CP Quantities for EE

LDA	Offered Capacity (UCAP MW)	Cleared Capacity (UCAP MW)	Converted Commitment (UCAP MW)	New Commitment (UCAP MW)
RTO (minus MAAC)	739.6	739.6	331.8	407.8
MAAC	209.8	209.8	194.7	15.1
Total RTO	949.4	949.4	526.5	422.9

RTO (minus MAAC) comprised of AEP, APS, ATSI, ComEd, Dayton, DEOK, DOM, EKPC and Duquesne Zones

MAAC consists of the AECO, BGE, DPL, JCPL, Met-Ed, PECO, Penelec, PEPCO, PPL, PSEG and RECO Zones



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Revision History

8/31/2015: Original version posted

11/5/2015: Additional breakdown of results included

- Table 1: Two columns added to show breakdown of Offered Capacity MW quantity to that quantity offered as conversion to CP and that quantity offered as new commitments of CP.
- Table 3: Two rows added to show breakdown of Offered and Cleared Capacity MW for “Hydro” and “Wind, Solar, and Other Renewables”.