

Problem/Opportunity Statement ¹

Published RPM Supply Curve Transparency

Offered by Exelon

Jason Barker

410.470.5824

barker.jason@exeloncorp.com

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Problem Statement

Stakeholders seek transparency regarding the offered supply for PJM capacity auctions to enable better analysis of commercial options and to enable assessment of RPM efficacy. Such transparency must be balanced against disclosure of commercially sensitive data regarding market participants' offers.

Currently, PJM publishes for each RPM BRA smoothed supply curves that do not represent the shape the actual supply curve for any LDA with ample accuracy. This practice evolved as a resolution to a dispute in 2010 precipitated by PJM's proposal to publish granular price-quantity pairs subsequent to the 2010 BRA. Prior to the 2010 BRA, PJM published graphical representations of the supply curve for all modeled LDAs, but without underlying price-quantity pairs. When PJM proposed to publish more granular data, Constellation and the IMM objected, noting that given the concentration of supply ownership in the SWMAAC LDA, that the granular data could implicitly reveal market participant offers.

The current smoothing method uses the better fit between two functional forms:

$$y=A*x^B \quad \text{OR} \quad y=A*(e^{(B*x)})$$

Each function is constrained only by forcing the curve through a point of intersection with the demand curve equal to the clearing price.

Objective

The objective of this Problem Statement is initiate PJM Stakeholder consideration and action, preferably at the MIC, to modify the algorithm for publishing the RPM supply curves, both prospectively and retroactively for all capacity auctions and locations, and to codify the modifications in appropriate PJM manuals.

Timeliness

The matter should be addressed and resolved by December 2013, to enable analysis of the 2016/17 BRA supply curves under the revised algorithm prior to the 2017/18 BRA. The MIC should aspire to resolve the matter prior to the next RPM incremental auction so that the best available data is can be deployed by all stakeholders for ongoing capacity market analysis and decision-making.

Magnitude and Impacts

The problem constrains informed analysis of past auctions and prospective commercial decision-making. The impact of the lack of data granularity varies by stakeholder. Resolution is not expected to materially impact PJM or IMM work.