

Problem Statement

Timing of submitting Replacement Capacity Transactions

Today, Replacement Capacity Transactions cannot be submitted to PJM until after the Third Incremental Auction. The logic behind this timing is to be sure the replacement capacity truly exists.

Issue

Suppliers determine the amount of capacity they have for sale in RPM and are obligated to be there when asked to generate. If a supplier is determined to have less capacity from a facility than they have sold, there is no mechanism to force them to cover this shortage but rather there are penalties to be paid. Replacement Capacity is handled differently in that the supplier must show they have the megawatts available before the supply is accepted.