



# PJM Manual 18 Updates

## Conforming Changes for MOPR and Forward Net EAS

Jeff Bastian

Sr. Consultant, Market Operations

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- Revisions to PJM Manual 18: PJM Capacity Market conforming with MOPR order (EL16-49, EL18-178, ER18-1314) and Forward Net EAS order (EL19-58)
- Planned Committee Review/Endorsement Schedule:  
MIC: 12/2/2020(1<sup>st</sup> read), 1/12/2021 (Endorsement)  
MRC: 12/17/2020 (1<sup>st</sup> read), 1/17/2021(Endorsement)

**Section 3.3.2 Demand in RPM:** Apply Forward-looking Net EAS to Reference Resource CT starting with 2022/2023 Delivery Year

**Section 5.4.4 Sell Offer Caps:** Apply Forward-looking Net EAS to generation resources seeking Unit-Specific Exception Requests

**Section 5.4.5 Minimum Offer Price Rule (MOPR):** Describe various new terms, business rules and processes associated with expanded MOPR and use of Forward Net EAS for MOPR purposes

**Section 8.8 Replacement Resources:** Describe limitations on Capacity Resources with State Subsidy as replacement capacity

**Glossary of Terms:** Added State Subsidy and Jointly-Owned Capacity Resource with State Subsidy

## **Net EAS of Reference CT for Determination of VRR Curve**

- Up to 2021/2022, Net EAS of Reference Resource CT is determined using Peak-Hour Dispatch Methodology, historical hourly LMPS and historical daily gas prices
- Effective with the 2022/2023 Delivery Year, Net EAS of Reference Resource CT is determined using Projected EAS Dispatch Methodology, Forward Hourly LMPS, Forward Hourly Ancillary Service Prices and Forward Daily Natural Gas Prices

### **Projected PJM Market Revenues of Generating Units seeking Unit-Specific Market Seller Offer Cap**

- Up to 2021/2022, Projected PJM Market Revenues are based on historical 3-year average of net PJM energy market revenues received by the resource
- Effective with the 2022/2023 Delivery Year, Projected PJM Market Revenues must be based on forward-looking energy and fuel prices as described further in new section 5.4.5.7 of M18

- Existing language of this section describes current MOPR applicable to certain new Generation Capacity Resources (i.e., the MOPR of Attachment DD, section 5.14(h) of PJM OATT)
- This section of M18 has been expanded to also include the new MOPR applicable to Capacity Resources with State Subsidy (i.e., the MOPR of Attachment DD, section 5.14(h-1) of PJM OATT)
- Given the significant number of new MOPR-related provisions, this section has been broken into several sub-sections to allow for clearer reference to relevant rules and processes

## **Sub-Section 5.4.5.1: Applicability**

- Describes current MOPR applicability to certain new Generation Capacity Resources (i.e., the MOPR of Attachment DD, section 5.14(h) of PJM OATT)
- Describes MOPR applicability to Capacity Resources with State Subsidy (i.e., the MOPR of Attachment DD, section 5.14(h-1) of PJM OATT)
  - Capacity Resource with State Subsidy
  - Cleared Capacity Resource with State Subsidy
  - New Entry Capacity Resource with State Subsidy

## **Sub-Section 5.4.5.2: Categorical Exemptions Applicable to Capacity Resources with State Subsidy**

- A. Competitive Exemption (and consequences for accepting State Subsidy following election of Competitive Exemption)
- B. Self-Supply Entity Exemption
- C. Renewable Portfolio Standard Exemption
- D. DR and EE Resource Exemption
- E. Capacity Storage Resource Exemption

## **Sub-Section 5.4.5.3: Capacity Market Seller Certification of Capacity Resource with State Subsidy Status**

- Describes process and timing requirements for seller certification of Capacity Resource with State Subsidy status

## **Sub-Section 5.4.5.4: MOPR-Related Business Rules and Process Timeline**

- Specifies the timeline for pre-auction activities related to MOPR
- Provides high-level business rules describing the MOPR Floor Offer Prices applicable to:
  - Certain new Generation Capacity Resources that are not State Subsidized
  - New Entry Capacity Resources with State Subsidy
  - Cleared Capacity Resources with State Subsidy
  - Commercially Aggregated Capacity Resources

## **Sub-Section 5.4.5.5: Resource-Specific Exception Process for MOPR Floor Offer Prices**

- Describes the documentation required in a resource-specific exception request for:
  - A. New Capacity Resources (i.e., certain new Generation Capacity Resources that are not State Subsidized and New Entry Capacity Resources with State Subsidy)
  - B. Cleared Capacity Resources with State Subsidy

## **Sub-Section 5.4.5.6: Default MOPR Floor Offer Prices**

- Describes the determination of the Default MOPR Floor Offer Prices of specified resource types for:
  - A. Certain new Generation Capacity Resources that are not State Subsidized
  - B. New Entry Capacity Resources with State Subsidy
  - C. Cleared Capacity Resources with State Subsidy
    - In the case of Cleared Capacity Resources with State Subsidy, this section describes the determination of the Default Gross ACR of specified resource types with the Net EAS determination as described further in new section 5.4.5.7 of M18

## **Sub-Section 5.4.5.7: Resource-Specific Net EAS Determinations**

- A resource-specific Net EAS calculation is required for any resource seeking a resource-specific MOPR exception and such calculation must be based on forward-looking dispatch models
- The IMM will develop default EAS values for all resources seeking a resource-specific exception using the Projected EAS Dispatch Model or assumed output model, a set of standard inputs based on the resource's actual operating parameters, cost data and pricing points, and Forward Hourly LMPS and Forward Daily Fuel Prices relevant to the resource
- Sellers may submit adjustments to resource-specific operating parameters to the IMM and PJM for review and consideration in the simulated dispatch with supporting documentation; however, sellers may only seek a customized EAS value if they are also seeking a resource-specific Gross CONE or ACR

## **Sub-Section 5.4.5.7: Resource-Specific Net EAS Determinations (CONT.)**

- Alternatively, sellers may also rely upon their own models to determine the Net EAS offset with supporting documentation as described in this sub-section
- The resource-specific Net EAS determination of this sub-section is equally applicable to resources that seek a unit-specific exception request for sell offer cap purposes

### Added language describing limitations on Capacity Resources with State Subsidy as replacement capacity

- Available capacity of a Capacity Resource with State Subsidy for which the Capacity Market Seller has not elected to forego receipt of any State Subsidy for the relevant Delivery Year and does not qualify for one of the categorical exemptions may not be used to replace the commitment of a Capacity Resource that (1) is not a Capacity Resource with State Subsidy or (2) is a Capacity Resource with State Subsidy for which the Capacity Market Seller elected the competitive exemption and reported that it will forego receipt of any State Subsidy for the relevant Delivery Year or (3) a Capacity Resource with State Subsidy that qualifies for one of the categorical exemptions.

Presenter:

Jeff Bastian, [jeffrey.bastian@pjm.com](mailto:jeffrey.bastian@pjm.com)

SME:

Jeff Bastian, [jeffrey.bastian@pjm.com](mailto:jeffrey.bastian@pjm.com)

## **PJM Manual 18 Updates: Conforming Changes for MOPR and Forward Net EAS**



### **Member Hotline**

(610) 666 – 8980

(866) 400 – 8980

[custsvc@pjm.com](mailto:custsvc@pjm.com)