

# Capacity Market Phase 2 Issues

Capacity Market  
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# Capacity Market Issues

- **Must offer**
  - **DA energy market must offer requirement for capacity resources**
  - **Consequences for failure to offer ICAP:**
    - Forfeit capacity revenues
- **DR/EE**
  - EE addback issue for all auctions
  - DR as price responsive demand on demand side of market; not supply in capacity market
  - EE affects demand; not supply in capacity market
- **DER/DIRS**
  - Same rules for all

# Capacity Market Issues

- **EFORd/EAF**
  - **EAF (equivalent availability factor) should replace EFORd**
  - **Availability is a better metric than forced outage rate**
- **PLS/RTV**
  - **Penalties for non compliance should be based on capacity market clearing prices**
  - **Adjustment to EFORd not adequate penalty**
- **CIRs**
  - **Link between CIRs and uplift payments**
  - **Link between CIRs and ELCC assumptions about max energy output**

# Capacity Market Issues

- **Obligations of capacity resources**
  - PLS
- **ELCC issues**
  - Thermal resources
  - Renewable resources
  - Flexibility incentives
- **MSOC issues**
- **MOPR issues**

# Capacity Market Issues

- **CTRs**
  - **CTRs should be based on cleared prices and MW**
  - **Currently based on load forecast after Third IA.**
  - **ICTR treatment**

# Capacity Market Issues

- **FRR rules**
  - **Sale of capacity**
  - **Purchase of capacity**
  - **Definition of reliability**
    - Same for all
  - **Definition of performance incentives**
    - Same for all
- **BTM issues**
  - **Uneconomic incentives**

# Capacity Market Issues

- **PJM buy backs of capacity**
- **Replacement capacity issues**
- **Number and design of Incremental Auctions**
- **Treatment of reactive**
- **Quadrennial review issues**



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