

Credit Limited Offers in RPM

Markets and Reliability Committee
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- Pre-auction credit requirement for planned resources assumes a worse-case auction clearing scenario for credit purposes (i.e. assumes auction clears at 1.5 times Net Cone)
 - Pre-Auction Credit Rate = $(1.5 \times \text{Net CONE}) \times (.2) \times (365 \text{ days}) = \$34,816/\text{MW}$
(for 2013/14 BRA)
- Post-auction credit requirement for planned resources is based on actual auction results (clearing price and resource cleared MWs)
 - Post-Auction Credit Requirement = $(\text{Cleared MWs}) \times (\text{CP}) \times (.2) \times (365 \text{ days})$
- For 2013/14 BRA, pre-auction credit requirement for a planned resource with potential for 200 MW was \$6,963,200 ($200\text{MW} \times \$34,816/\text{MW}$)
 - Market Seller with \$3,300,000 of available credit would be limited to offering 94.8 MW
- The credit limited offer proposal reduces the pre-auction credit requirement for planned resources by clearing the resource in such a manner that post-auction credit requirement does not exceed maximum credit requirement specified in the credit limited offer
 - Using above example, market seller could submit a credit limited offer with a max MW capability of 200 MW and maximum credit requirement of \$3,300,000
 - RPM engine would clear fewer MWs for such a resource as clearing prices increased such that post-auction credit requirement would never exceed the maximum credit requirement specified in the credit limited offer (see next slide for example clearing)

Credit Limited Offer

Min MW	Max MW	Min Price	MPCE
0	200	50	\$3,300,000

pre-auction credit rate (13/14 BRA) = \$34,816
 default credit requirement for 200 MW offer= \$6,963,200
 Max MW to offer with available credit of MPCE= 94.8

Cleared Results for Credit Limited Offer

Auction Clearing Price	Cleared MW of Credit Limited Offer	Cleared Credit Requirement
45	0.0	0
50	200.0	730,000
100	200.0	1,460,000
150	200.0	2,190,000
200	200.0	2,920,000
250	180.8	3,300,000
300	150.7	3,300,000
350	129.2	3,300,000
400	113.0	3,300,000

1. In addition to price and MW quantities, the RPM auction offers of planned resources may optionally specify an additional parameter called the “Maximum Post-Auction Credit Exposure” (MPCE).
2. If an MPCE is not specified then the credit requirement of the planned resource offer is equal to the pre-auction credit requirement times the maximum MW specified in the offer.
3. If an MCPE is specified then the credit requirement of the planned resource offer is equal to the MCPE and the total MCPE of all a supplier’s offers may not exceed their available credit.
4. The amount of capacity cleared by a resource at each price level at or above the offer’s minimum price shall be the lesser of (1) the maximum MW specified in the offer ; and (2) the specified MCPE divided by the post-auction credit requirement per MW at that price level.
5. A participant may submit one credit-limited offer per zone or subzone in the case of zones that contain sub-zonal LDAs.