



Capital Recovery Factor for Avoidable Project Investment Cost Determinations

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- A Capital Recovery Factor (“CRF”) is used to calculate the Avoidable Project Investment Rate (“APIR”) as a component of the Net Avoidable Cost Rate (“ACR”) of a resource
- The Net ACR of a given resource sets the Market Seller Offer Cap as well as the MOPR Floor Offer Price of the resource depending on which is applicable to the resource
- Section 6.8(a), Attachment DD of the PJM Tariff, provides a table of CRF values applicable to resources seeking a resource-specific Market Seller Offer Cap or a resource-specific MOPR Floor Offer Price

- On 12/3/2020, the PJM IMM posted a statement with concern that these CRF values do not reflect current federal tax law
- PJM understands IMM concern but also appreciates the need for stakeholder input through a stakeholder process before making changes to the tariff, including changes to resolve the IMM concern
- PJM will be introducing this issue into the stakeholder process at the January Markets Implementation Committee with the intent to move toward thoughtful but also expeditious resolution
- At January MIC, PJM will be proposing to address this issue as part of the Quick Fix process, which is outlined in Manual 34, Section 8.6.1

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