



Balancing Ratio Determination

Problem / Opportunity Statement

Section 6.4(a) of Attachment DD of the PJM OATT sets the default Market Seller Offer Cap (“MSOC”) for any Capacity Performance (“CP”) Resource equal to the product of the Net CONE (applicable for the Delivery Year and Locational Deliverability Area for which such Capacity Performance Resource is offered) times the average of the Balancing Ratios in the three consecutive calendar years during the Performance Assessment *Intervals* in such calendar years that precede the Base Residual Auction for such Delivery Year. This requirement creates a problem for the upcoming 2021/2022 BRA because no Performance Assessment Intervals have occurred for the relevant time period (i.e., calendar years 2015, 2016 and 2017) thereby making impossible a determination of the Balancing Ratio value needed to calculate the default MSOC for a CP Resource applicable to the 2020/2021 BRA. Even if Performance Assessment Intervals were to occur by the end of the 2017 calendar year, the Balancing Ratio associated with such intervals may not be known in a timely manner because default MSOC values are posted in mid-December in order to inform the resource-specific MSOC process for which all data and documentation must be provided by no later than 120 days prior to the opening of the sell offer period of the BRA (i.e., no later than mid-January prior to the BRA).