Peak Hour Period Availability Charge/Credit FAQs

General Questions

Q: What is the purpose of this charge?
A: The Generating Unit Peak-Hour Period Availability metric provides a means to assess whether committed generation resources are available at expected levels during critical peak periods, and credits or charges resource providers to the extent that they exceed or fall short of that expected availability. The metric provides generation owners an added incentive to ensure that their capacity resources are available when they are most needed, and provide loads greater assurance that their payments for capacity will help maintain peak-hour period reliability.

Q: When are charges and credits assessed?
A: Peak Hour Period Availability Charges and Credits are assessed daily and billed retroactively for the entire Delivery Year (not just peak periods) in the August bill issued in September after the conclusion of the delivery year.

Q: What is the Daily Peak-Hour Period Availability Charge Rate?
A: The Daily Peak-Hour Period Availability Charge Rate applied to Net Peak Period Capacity Shortfalls for RPM Resource Commitments in an LDA is equal to a party's Weighted Average Resource Clearing Price in an LDA. Since there was only a Base Residual Auction (BRA) conducted for the 2007/08 Delivery Year, the charge rate applied to Net Peak Period Capacity Shortfalls in an LDA for RPM was equal to the BRA Resource Clearing Price in the LDA.

The Daily Peak-Hour Period Availability Charge Rate applied to Net Peak Period Capacity Shortfalls for FRR Capacity Plan Commitments in an LDA is equal to the Net Cost of New Entry in an LDA (in unforced capacity terms).

Q: Is there an example of how charges and credits are calculated?
A: An example is available on the pjm website at http://www.pjm.com/committees/working-groups/rpmwg/downloads/20071127-item-07-pk-hr-period-availability-charge-ex.pdf

Q: Is there an MSRS billing report available on Peak-Hour Period Availability Charges and Credits?
A: There currently is not an MSRS billing report available on Peak-Hour Period Availability Charges and Credits; however, PJM has developed a Peak-Hour Period Availability Calculator which contains the billing determinants needed to recalculate the charges and credits on your bill. The calculator is available on the pjm website at http://www.pjm.com/markets/rpm/downloads/2007-2008-peak-hour-period-availability-calulator.XLS.

Generator Owner Questions

Q: What resources are subject to this penalty?
A: The Generating Unit-Peak-Hour Period Availability metric is applicable to all generation resources committed to serve load either under Reliability Pricing Model or Fixed Resource Requirement Alternative. It is not applicable to wind and solar generation.

Q: How is the shortfall on a unit calculated?
A: First, using the unit's EFORd-5, the Target Unforced Capacity (TCAP) is calculated. This value represents the expected availability of the committed portion of the unit during the defined peak-hour periods.

TCAP = Total Unit ICAP Commitment Amount * (1-EFORd-5)

Second, using the unit's EFORp, the Peak Period Capacity Available (PCAP) is calculated. This value represents the actual availability of the committed portion of the unit during the defined peak-period hours.

PCAP = Total Unit ICAP Commitment Amount * (1-EFORp)

Lastly, the Unit Peak-Hour Period Capacity Shortfall is calculated by subtracting the PCAP from TCAP. A positive Unit Peak-Hour Period Capacity Shortfall indicates a shortfall in meeting a unit's expected availability (underperformance) and a negative Unit Peak-Hour Period Capacity Shortfall indicates that the unit exceeded its expected availability (over performance).

Q: Is there a limit to the amount of Unit Peak Hour Period Shortfall assessed?
A: A Unit Peak-Hour Period Capacity Shortfall is limited, on a unit specific basis, to 50% of the Total Unit ICAP Commitment Amount * (1-Effective EFORd).

- If the 50% limitation is triggered in a Delivery Year, the limit will increase to 75% in the following Delivery Year.
- If the 75% limitation is triggered in a Delivery Year, the limit will increase to 100% in the following Delivery Year.

The 50% limit will be reinstated after 3 years of good performance

Q: What happens if the unit was committed by multiple resource providers?
A: If portions of the unit were committed by multiple resource providers, the Unit Peak-Hour Period Capacity Shortfall is allocated to the resource providers based on the provider's pro-rata share of the Total Unit ICAP Commitment Amount.

Q: What happens if the unit has both RPM Resource Commitments and FRR Capacity Plan Commitments?
A: If a resource provider has both RPM Resource Commitments and FRR Capacity Plan Commitments on the unit, the Unit Peak-Hour Period Capacity Shortfall will be separated into Provider's Peak-Hour Period Capacity Shortfall for RPM and a Provider's Peak-Hour Period Capacity Shortfall for FRR Capacity Plan Commitments on such unit.

Q: How are my shortfalls netted?
A: For a resource provider, the net of their Peak-Hour Period Capacity Shortfalls for RPM Commitments across units in an LDA and the net of their Peak-Hour Period Capacity Shortfalls for FRR Capacity Plan Commitments across units in an LDA are determined.

Q: Does the LDA netting occur at the sub account basis or parent company level?
A: The netting of Peak-Hour Period Capacity Shortfalls in an LDA is performed across committed units within a single account in eRPM. There is no netting of shortfalls performed across multiple accounts in eRPM.

Q: Where can I view my Peak-Hour Period Capacity Shortfalls for RPM Commitments and Peak-Hour Period Capacity Shortfalls for FRR Capacity Plan Commitments?
A: You can view your Peak-Hour Period Capacity Shortfalls on an LDA and unit-specific basis on the Peak Hour Period Availability screen under the Performance area in the eRPM system. A unit's EFORd-5 and EFORp are also available on this screen.

Q: I had a net negative Peak-Hour Period Capacity Shortfall in a given LDA. Why didn't I receive a credit equal to the MW amount?
A: Credits are allocated using the total charges as the basis. If no Peak-Hour Period Availability Charges in an LDA are assessed, over performing resource providers in an LDA will not receive a credit. If the total shortfall in a given LDA is less than the total excesses, over performing resource providers will receive a pro-rata share of the total charges. The amount allocated to over performing resource provider is capped at their Net Peak Period Capacity Shortfall in LDA times the Daily Peak-Hour Period Availability Charge Rate.

Load Server Questions

Q: I am a load server, but received a credit on my PJM invoice. Why?
A: If any remaining balance of Peak-Hour Period Availability Charges is remaining after allocated to Resources that over performed, the credits will be dispersed to LSEs who serve load in those LDAs who were assessed a Locational Reliability Charge and FRR Alternative LSEs with a resource portfolio that over performed. The Peak Hour Period Availability Charges are allocated to these LSEs on a pro-rata basis based on their daily unforced capacity obligations.