

View Point – Capacity Performance: Seasonal Resources

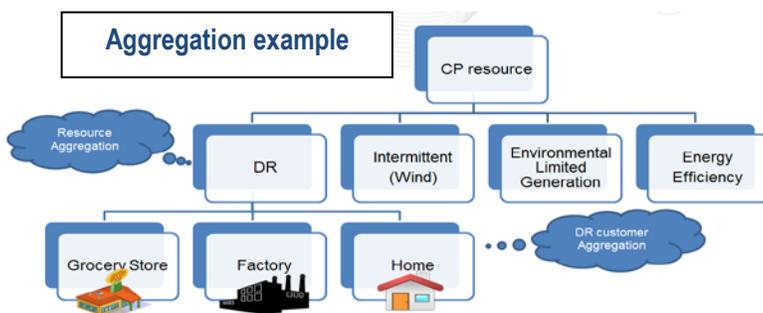
Capacity Performance is a PJM Capacity Market enhancement designed to ensure that all capacity resources perform when PJM needs them to mitigate emergency conditions throughout the delivery year. Seasonal resources are those resources capable of providing energy or curtailing load only during specific times of the day or year. The enhanced performance rules are designed to retain the value and continued participation of seasonal resources by allowing resources with complementary availability profiles to aggregate. Essentially, multiple resources combine to offer as a single resource and diversify any performance risk. After the transition period ends on May 31, 2020, all resources will be required to meet the Capacity Performance availability requirements; there will be no special products or exceptions for resources not meeting the availability requirements themselves or through aggregation.

Seasonal Capacity Resources Senior Task Force Deliberations

The Seasonal Capacity Resources Senior Task Force has been working to develop solutions that would support continued seasonal resource participation in the Capacity Market. A variety of solutions have been discussed including PJM's proposal to clear equal quantities of off-setting summer and winter seasonal capacity. Alternative proposals include addressing perceived inequities in the treatment of generation and demand response resources by means of a balancing ratio as utilized in ISO-NE; introducing an auction mechanism that would create tickets to release a capacity resource from its winter obligations; including all resource types in PJM's aggregation proposal while basing the measurement of demand response on year-round Firm Service Level; and providing PJM and stakeholders more time to investigate other alternatives by retaining Base Capacity in the 2020/2021 delivery year while increasing penalties for non-performance.

Did you know?

- Capacity Performance establishes a singularly-defined product for year-round capacity, enhancing reliability through high performance standards and valuing that reliability.
- Seasonal resources include intermittent resources, capacity storage resources, environmentally-limited resources, and seasonally-limited demand response and energy efficiency resources.
- Seasonal resources can aggregate with complementary resources; essentially combining to diversify performance risk.



Next Steps

None of the proposed packages has garnered sufficient votes to be advanced in the stakeholder process, and their proponents are considering how they might be modified to gain

additional support. In order for new rules to be effective for May 2017 auction, they would need to be filed with the FERC around December 2016 and receive FERC approval thereafter.