

View Point – Capacity Performance Assessment Hours

Capacity Performance resources assure energy is available when needed most

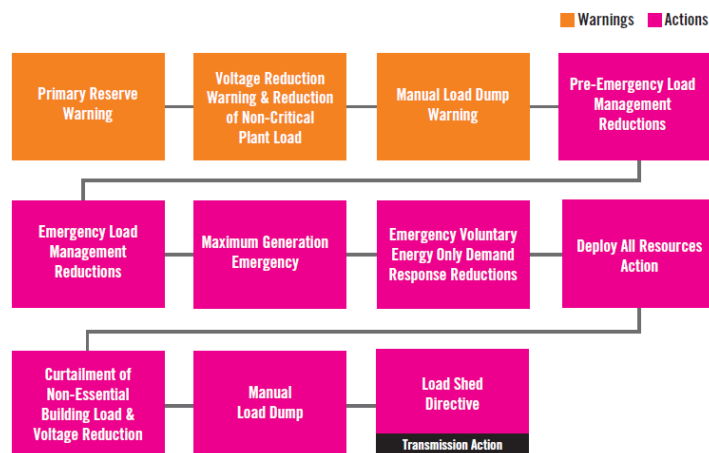
In response to capacity shortfalls that occurred during the Polar Vortex of Winter 2014, PJM implemented Capacity Performance (CP). To insure that energy is available when most needed, CP requires that capacity resources meet their commitments to deliver electricity during power system emergencies. Capacity resources that fail to meet their commitment during these emergencies are levied a substantial penalty. Likewise, resources that exceed their obligation – and those that perform without a capacity obligation – are entitled to an allocation of any funds collected from underperforming units. The performance of capacity resources during emergency events is assessed during certain emergency hours, known as Performance Assessment Hours.

Performance Assessment Hours and Triggers

Performance Assessment Hours (PAH) are the hours throughout the year in which Capacity Performance units will be held to a higher standard of deliverability. Resources subject to appraisal during PAH are those that cleared in the capacity auction with a capacity performance, or “pay-for-performance”, requirement.

Triggers

Performance Assessment Hours are triggered by a PJM declaration of Emergency Actions and are communicated through the Emergency Procedure page. Specific Emergency Warnings and Actions included are noted in the chart below. Emergency Warnings and Actions do not need to occur sequentially.



Key Points

- Capacity Performance (CP) went into effect on June 1, 2016.
- CP resources are assessed penalties for non-performance during Performance Assessment Hours only.
- CP resources that exceed their obligation – and those that perform without a capacity obligation – are entitled to an allocation of any funds collected from assessed penalties on underperforming units..

Non-Performance Assessments

Non-Performance is assessed based on the response of resources for each hour (or partial hour) that PJM declares a Performance Assessment Hour (PAH). The shortfall/excess is calculated for each resource for each PAH separately. There is no portfolio netting permitted.

After-the-Fact Reporting

PJM developed a report available approximately three days after a Performance Assessment Hour declaration. The report contains data such as trigger locations and times, load forecast, hourly generation by fuel type and transmission outages.