RPM Base Residual Auction FAQs

1. What is the purpose of a Reliability Pricing Model Base Residual Auction?

The Base Residual Auction is conducted to allow for the procurement of resource commitments to satisfy the PJM region’s unforced capacity obligation for the Delivery Year and allocates the cost of those commitments to Load Serving Entities (LSEs) through a Locational Reliability Charge.

2. How can I confirm when a Reliability Pricing Model Base Residual Auction is being held?

An RPM Base Residual Auction for a Delivery Year is held during the month of May, three years prior to the actual Delivery Year. You can confirm that an RPM Base Residual Auction is being held by viewing the RPM schedule posted on the RPM Auction User Information Web page. The schedule for all RPM auctions is posted on the RPM Auction User Information Web page under the link titled “RPM Schedule”.


3. What time does the auction bidding window open on the first day of the auction?

The Reliability Pricing Model Auction bidding window opens at 12:01 a.m. EPT on the first day of the auction bidding window.

4. What times does the auction bidding window close on the last day of the auction?

The Reliability Pricing Model Auction bidding window closes at 5 p.m. EPT on the last day of the auction bidding window.

5. When will the auction results be posted?

The RPM Auction results will not be posted until after 4 p.m. EPT on the last day of the auction clearing week.

6. May I submit a buy bid in a Reliability Pricing Model Base Residual Auction?

Market participants are not permitted to submit buy bids in RPM Base Residual Auctions. Variable Resource Requirement Curve(s) are posted in advance of the RPM BRA and used as the demand curve(s) in the BRA auction clearing process. The Variable Resource Requirement Curve(s) are posted under the Delivery Year’s “Planning Year Parameters” link on the RPM Auction User Information Web page.

7. What are the must offer requirements for resources in a Reliability Pricing Model Base Residual Auction?

All existing generation resources physically located in the PJM Region have a must offer requirement of at least their minimum available installed capacity position (i.e., Minimum Available ICAP position). Resources with a Minimum Available ICAP position that is zero or negative are not required to offer into the RPM Base Residual Auction. Generation is treated as...
existing for must-offer purposes when the generation is (a) in service at commencement of the RPM Auction or (b) not yet in service but has cleared an RPM Auction for any prior Delivery Year.

Fixed Resource Requirement (FRR) Entities are eligible to offer their available capacity into the RPM Base Residual Auction subject to conditions placed on sales by FRR Entities; however, the must offer requirement does not apply to these entities. Details on the Conditions on Sales by FRR Entities are available in Schedule 8.1 E. of the Reliability Assurance Agreement and Section 11.7 of PJM Capacity Market Manual, Manual 18.

There is no must offer requirement for demand resources, energy efficiency resources, or external generation resources that have not been granted a Capacity Import Limit (CIL) exception. External generation resources that have been granted a CIL exception are subject to a must offer requirement under the same obligations imposed to internal generation resources by Section 6.6 of Attachment DD of the OATT to offer into RPM Auctions.

8. **Does the action of submitting a Demand Resource Sell Offer Plan or an Energy Efficiency Measurement & Verification Plan to PJM or the action of requesting PJM to model a Demand Resource/Energy Efficiency Resource in the eRPM system commit us to offering the Demand Resource or Energy Efficiency Resource into the Base Residual Auction?**

There is no must offer requirement for Demand Resources or Energy Efficiency Resources. The submittal of a Demand Resource Sell Offer Plan or an Energy Efficiency Measurement & Verification Plan or the modeling of a Demand Resource or Energy Efficiency Resource in the eRPM system does not obligate a Resource Provider to offer the Demand Resource or Energy Efficiency Resource into the Base Residual Auction.

9. **How much available capacity from a generation resource must I offer in a Reliability Pricing Model Base Residual Auction?**

The eRPM system will calculate Minimum Available ICAP, Maximum Available ICAP and Current Available ICAP positions for a generation resource on the Resource Offer screen. For the Base Residual Auction, the Minimum Available ICAP, Maximum Available ICAP and Current Available ICAP positions for a generation resource will be equal. If you have a positive Minimum/Maximum/Current Available ICAP position, you will be expected to offer at least the Minimum/Maximum/Current Available ICAP megawatts into the Base Residual Auction. The sum of the Max MW values in each of the ten offer segments cannot exceed the Minimum/Maximum/Current Available ICAP MWs. If you have a zero Minimum/Maximum/Current Available ICAP MW value for a resource, you will not be able to offer MWs from such resource into the RPM Base Residual Auction.
10. How do you submit a Resource Offer in the eRPM system?


11. How are the Minimum Available ICAP, Maximum Available ICAP, and Current Available ICAP position calculated for the Base Residual Auction?

   The Minimum Available ICAP, Maximum Available ICAP, and Current Available ICAP position for the Base Residual Auction for a specific unit is equal to the minimum of a party’s (Daily ICAP Owned – Daily FRR ICAP Commitments) for such unit for the Delivery Year.

   Minimum/Maximum/Current Avail ICAP Position = Min (Daily ICAP Owned – Daily FRR ICAP Commitment) in the Delivery Year

12. What Equivalent Demand Forced Outage Rate (EFORd) value may I submit in a Base Residual Auction generation resource offer?

   The EFORd value that may be submitted in a generation resource offer in a Base Residual Auction may range from zero to the maximum EFORd value for a generation resource. The maximum EFORd that may be submitted in a generation resource offer in a Base Residual Auction is the maximum of the BRA EFORd\textsubscript{1 yr} or BRA EFORd\textsubscript{5 yr}.

   BRA EFORd\textsubscript{1 yr} = EFORd\textsubscript{1 yr} as known at time of the Base Residual Auction (BRA) based on outage data for 12 months ending Sept. 30 prior to the BRA.

   BRA EFORd\textsubscript{5 yr} = EFORd\textsubscript{5 yr} as known at time of BRA based on outage data for five years ending Sept. 30 prior to the BRA.

   Resource owners must receive permission from the Market Monitor in order to enter a sell offer EFORd that exceeds the BRA EFORd\textsubscript{1 yr} or BRA EFORd\textsubscript{5 yr}.
13. Does the EFORd Offer Segment apply for a Base Residual Auction?

Effective with the March 26, 2009 FERC Order on the Reliability Pricing Model, the EFORd Offer Segment has been eliminated. The EFORd Segment box will still be viewable on the Resource Offer screen in eRPM. If the data in the Min MW, Max MW or Price field in the EFORd Segment box are not “null” or zero, you will receive an error message upon submittal of your generation resource offer.

14. What default Avoidable Cost Rate (ACR) values are applicable for the Base Residual Auction?

The default ACR values are the ACR values that suppliers may elect to use in the event the Market Structure Test is failed and the supplier chooses not to calculate unit-specific ACR data.

The default ACR values for the relevant Delivery Year are posted under the relevant Delivery Year heading on the RPM Auction User Information Web page at [http://www.pjm.com/markets-and-operations/rpm/rpm-auction-user-info.aspx](http://www.pjm.com/markets-and-operations/rpm/rpm-auction-user-info.aspx).

15. Why am I receiving the following error message when I try to submit my resource offer in the Base Residual Auction: “Failed to submit: Offers may not be submitted until all resource information is confirmed for Delivery Year 20YY/20YY Auction BASE”?

Prior to any Reliability Pricing Model Auction, RPM suppliers must confirm the modeling of each of their capacity resources in the eRPM system. RPM suppliers must verify the following characteristics for generation, demand resource or energy efficiency resources for which they have a positive Available ICAP position for the RPM Auction: zone assignment, LDA assignment and product type. For generation resources, RPM suppliers must also verify unit location by state, unit type, and unit fuel type.


16. Should I check the self-supply box on the offer segment of my resource offer?

The self-supply check box provides the ability for entities offering resources into a Reliability Pricing Model Auction to designate any cleared megawatts from such offer segment as self-
supply. The purpose of the self-supply designation is, when desired, to prevent PJM Settlement from being the counterparty for the designated supply. For example, rural electric cooperatives that must comply with limits on non-member income in order to retain their tax exempt status may wish to utilize this designation. It is not necessary to make this self-supply designation for the purposes of self scheduling resources with a zero offer price.

17. **Should I enter a Maximum Post-Auction Credit Exposure (MPCE) amount on my resource offer?**

A MPCE amount in $/year should only be entered by those suppliers that are offering planned generation, demand or energy efficiency resources and intended to submit a credit limited offer by specifying a MPCE amount for such planned resource. The auction will only clear planned megawatts for such resource such that the post-auction credit exposure ($/year) for the cleared MWs does not exceed the MPCE amount specified in the resource offer.

Suppliers offering existing generation, demand or energy efficiency resources should not enter a MPCE amount in the resource offer. Entering an MPCE amount equal to $0/year on a resource offer will prevent the resource from clearing in the RPM Auction.

18. **Am I required to submit my resource sell offer as 10 offer segments?**

No. You may offer the resource as a single segment (a single price quantity in $/MW-day (in unforced capacity terms) for the entire quantity of installed capacity megawatts that you intend to offer for the resource) or you may divide the quantity of ICAP MWs that you intend to offer for such resource into a maximum of 10 offer segments with varying price-quantity pairs. The total sum of the Max MW amounts in the offer segments specified must not exceed the Maximum Available ICAP position of the resource. The Reliability Pricing Model Auction will only clear those offer segments that are economical (those segments with an offer price that is less than or equal to the auction’s relevant resource clearing price.)

19. **What is the significance of Min MW and Max MW amounts in my offer segment?**

A supplier is willing to accept the clearing of any amount equal to or greater than the Min MW amount specified in the segment and equal to or less than the Max MW amount specified in the segment. If the Min MW amount specified in the segment is greater than 0 MW and less than or equal to the Max MW amount specified in the segment, the segment is considered inflexible and may not clear in the RPM Auction due to the Min MW amount specified in the offer segment, even if the segment offer price is less than or equal to the auction’s relevant resource clearing price as it may be more cost effective to clear a higher priced but flexible resource.

20. **How can I confirm that my sell offer has been successfully submitted in the eRPM system?**

If you click the “Refresh” button on the Auction/ Resource Offer or Auction/ Capacity Bid screens in the eRPM system and the offer/bid data that you entered is displaying in the offer segments/bid segments, your offer/bid has been successfully submitted in the eRPM system.
21. Can I submit transactions in the eRPM system during a Base Residual Auction?

With the exception of certain Replacement Capacity transactions, the eRPM system will not accept transactions (Capacity Modifications, Demand Resource Modifications, Energy Efficiency Modifications, Unit-specific transactions, Cleared Buy Bid transactions, Auction Specific MW transactions or Locational UCAP Transfers) during the bidding window or clearing week of the Base Residual Auction. Only Replacement Capacity transactions for the current Delivery Year will be accepted during a future Delivery Year’s Base Residual Auction.

Capacity Modification transactions which impact the available capacity of a generation resource for such Base Residual Auction must be submitted in the eRPM system in advance of the bidding window of the Base Residual Auction. Capacity Modification transactions need to be in a “Provisionally Approved” or “Approved” status in order to offer the associated capacity from such generation resource into the Base Residual Auction.