# MN8 feedback on select RBP design components

| # | Component | Position | Considerations |
|---|---|---|---|
| 1 | Procurement target | • EDCs bid in demand and max willingness-to-pay by contract start date<br>• Native shortfall also bid in and shared pro rata among EDCs, defined as the difference between 27/28 cleared supply and the MW corresponding to Point A on the 27/28 demand curve | • EDCs should be able to reflect different willingness-to-pay, especially if certain loads want to use RBP to procure for earlier in-service years<br>• Because PJM is proposing to block RBA until 2030/31, and because PJM does not want to subject native load to C&M, RBP should also procure for the native shortfall |
| 2 | Clearing | • Sequential, starting with earlier in-service years subject to RTO-wide bid in demand | |
| 3 | Supply offers | UCAP<br>• Option 1: Resources bid a single price in $/MW UCAP-Day and leave volume unspecified. Resources are paid based on UCAP delivered that moves with class ELCC, but do not commit to a fixed level of UCAP.<br>• Option 2: Resources bid a single price in $/MW UCAP-Day and specify volume based on a fixed class ELCC forecast determined by PJM before the RBP. For a DY, UCAP is the product of the resource's nameplate MW times the fixed ELCC for that DY times its resource performance adjustment. Resources incur penalties for UCAP shortfalls.<br><br>In-Service Year<br>• Consider allowing suppliers to submit multiple offers for the same project (e.g., if Offer A is selected at a higher price and earlier in service year, remove Offer B for a lower price and later in service year). | UCAP<br>• RBP is a one-time procurement meant to add capacity to get through the near- to mid-term reliability risk period<br>• RBP should be designed for effectiveness given commercial realities and constraints<br>• Option 1 ensures that sellers who don't perceive material regulatory uncertainty on accreditation can offer at the most competitive price<br>• Option 2 allows suppliers to manage regulatory uncertainty around accreditation<br>• Offering both options allows resources to effectively manage their particular set of risks - e.g., BESS to manage regulatory uncertainty around class ELCCs; gas to manage unit specific performance risk in a world with material uncertainty around what happens during PAIs given midstream delivery risks<br><br>In-Service Year<br>• Multiple offers will allow suppliers to offer different project terms and give buyers more options. |
| 4 | Substitutions | • When price collar is in effect, eligible resources can be substituted in | • This may help suppliers manage project attrition risk |
| 5 | Supply collateral | • ~$130,000/MW pre-COD posted at clearing, dropping to ~$65,000/MW post-COD | • While above standard industry conventions, these levels should remain acceptable to most counterparties |
| 6 | Deliverability | • Only fully deliverable MWs are paid for RBP and qualify for RPM UCAP (including BYONC)<br>• All resources eligible to seek Interim Deliverability<br>• No RBP penalties for Deliverability Network Upgrade delays | |