

MN8 feedback on select RBP design components

#	Component	Position	Considerations
1	Procurement target	<ul style="list-style-type: none"> EDCs bid in demand and max willingness-to-pay by contract start date 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 	<ul style="list-style-type: none"> 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 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	<ul style="list-style-type: none"> Sequential, starting with earlier in-service years subject to RTO-wide bid in demand 	
3	Supply offers	<p>UCAP</p> <ul style="list-style-type: none"> 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. 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. <p>In-Service Year</p> <ul style="list-style-type: none"> 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). 	<p>UCAP</p> <ul style="list-style-type: none"> RBP is a one-time procurement meant to add capacity to get through the near-to mid-term reliability risk period RBP should be designed for effectiveness given commercial realities and constraints Option 1 ensures that sellers who don't perceive material regulatory uncertainty on accreditation can offer at the most competitive price Option 2 allows suppliers to manage regulatory uncertainty around accreditation 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 <p>In-Service Year</p> <ul style="list-style-type: none"> Multiple offers will allow suppliers to offer different project terms and give buyers more options.
4	Substitutions	<ul style="list-style-type: none"> When price collar is in effect, eligible resources can be substituted in 	<ul style="list-style-type: none"> This may help suppliers manage project attrition risk
5	Supply collateral	<ul style="list-style-type: none"> ~\$130,000/MW pre-COD posted at clearing, dropping to ~\$65,000/MW post-COD 	<ul style="list-style-type: none"> While above standard industry conventions, these levels should remain acceptable to most counterparties
6	Deliverability	<ul style="list-style-type: none"> Only fully deliverable MWs are paid for RBP and qualify for RPM UCAP (including BYONC) All resources eligible to seek Interim Deliverability No RBP penalties for Deliverability Network Upgrade delays 	