



Capacity Senior Task Force STATUS REPORT February 17, 2014

The Capacity Senior Task Force (CSTF) will analyze and evaluate PJM's capacity market as directed by the Markets and Reliability Committee. This status report documents progress made since last reported on the issue(s) charged to this PJM stakeholder group.

1. RPM - Replacement Capacity / Prospective Capacity Resource Incentives

A. Issue Description:

This issue concerns whether or not RPM rules should be changed to eliminate the unintended financial incentive identified by the IMM for participants to speculate or over-commit in the BRA, and then buy-out of their capacity commitments in the Incremental Auctions.

B. Issue Tracking Status:

Solution Alternatives Proposed to MRC

C. Target Completion:

March 15, 2014

D. Progress Update:

The Main Motion as determined by CSTF [voting results](#) was read at the Jan 30th MRC meeting with accompanying Tariff and Reliability Assurance Agreement language. A description of the Main Motion is identified as Package 2 in the following document:

<http://www.pjm.com/-/media/committees-groups/committees/mrc/20140130/20140130-item-08-replacement-capacity-issue-summary-report.ashx>

At the MRC meeting on Jan. 30th, an Alternate Motion was also proposed, the details of which can be found here (or as Package 4 in the document linked above):

<http://www.pjm.com/-/media/committees-groups/committees/mrc/20140130/20140130-item-08-replacement-capacity-proposed-alternative-package.ashx>

E. Action Requested:

The Members Committee may be asked to endorse a proposal at its February 27th meeting and should be prepared for voting.



2. CONE Triennial Review Process

A. Issue Description:

The FERC accepted Offer of Settlement and Settlement Agreement among PJM and numerous other settling parties in FERC Docket No. ER12-513-000 required that a stakeholder process be conducted to identify any desired changes in the CONE triennial review process in light of lessons learned from the most recent triennial review process. Stakeholders will assess the current effective Tariff's Handy-Whitman Index adjustment method for Gross CONE and any other desired changes in the CONE review process such as the use of forward looking Energy and Ancillary Service Offset in the determination of Net CONE, timing of the Triennial Review process, or changes in the determination of other input parameters that govern the determination of Gross CONE.

B. Issue Tracking Status:

Solution Alternatives Proposed

C. Target Completion:

March, 2014

D. Progress Update:

At the last meeting, stakeholders reviewed all solution options and identified solution options that enjoyed the unanimous support of the group. At the next CSTF meeting, participants will discuss package proposals and aim for Tier 1 consensus on a package that makes tariff changes associated with the CONE Review. Solution options not considered as part of a Tier 1 proposal will be given to the consultant as an informational item summarizing the discussion at the CSTF.

E. Action Requested:

None

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