

# ELCCSTF Proposed Solution Packages

Pat Bruno  
Market Design Dept.

Members Committee  
March 19, 2025

The ELCC Senior Task Force (ELCCSTF) began meeting in December 2024 and has the following scope of work:

## **ELCC Transparency**

Explore methods to improve data transparency and support stakeholder understanding of ELCC accreditation analysis

## **ELCC Accreditation Methodology**

Explore enhancements to input assumptions and/or methods used within the marginal ELCC analysis, with a focus on reforms to improve investment incentives

## **CETL Analysis**

Examine ways to better align the CETL analysis with the risk patterns observed in LDAs

Task force work is on-going, but two initial sets of reforms developed for a targeted March filing:

1. Reforms to add two ELCC Class definitions
2. Reforms to help address accreditation uncertainty between the BRA and Third IA for a Delivery Year

## Single solution package voted at ELCCSTF: Package A – PJM

- 97.6% in favor of Package A
- 98.1% preferred Package A over status quo

**Note:** This solution package is separate from the BRA to Third IA Accreditation Uncertainty packages and will be voted independently at MRC/MC.

ELCCSTF [Voting Result Report](#)

## Proposal for two additional ELCC Class definitions effective with the 2027/28 BRA:

---

**1. Steam - Waste to Energy:** This new class would consist of certain generators that currently fall under the broader “Steam” ELCC Class today that utilize steam technology with a primary fuel source of muni waste or wood waste.

- Estimated ELCC Class Rating based on 2025/26 Third IA sensitivity: **83%**

**2. Oil CTs:** This new class would consist of certain generators that currently fall in the “Other Unlimited Resource Class” today that utilize combustion turbine technology with a primary fuel source of oil / diesel

- Estimated ELCC Class Rating based on 2025/26 Third IA sensitivity: **85%**

## Review of the concern that was raised:

Existing Generation Capacity Resources have a must offer requirement in the BRA for their full accredited UCAP value, as determined using the ELCC analysis run prior to the BRA. That accredited UCAP value gets updated over time based on the latest ELCC analysis for the relevant Delivery Year, with the final value being determined just prior to the Third IA. When the final accredited UCAP value falls below the amount committed in the BRA, which may be driven by factors unrelated to a decrease in ICAP or performance of the resource, the resource owner is subject to deficiency charges at roughly 120% of their capacity revenue for the shortfall MW when they are unable to procure replacement capacity. Market sellers are looking for reforms to address that uncertainty and risk, particularly given it may be difficult or not possible to procure the replacement capacity when the system is tight.

## Example

Generator A is accredited at 100 MW UCAP and clears the full amount in the BRA at a clearing price of \$250/MW-day. Accreditation is then updated prior to the Third IA and due to changes in system risk profiles, the final accreditation of the resource is 90 MW UCAP. If unable to procure replacement capacity, the resource owner would be subject to a daily deficiency charge for the 10 MW UCAP shortfall times \$300/MW-day ( $1.2 * \text{BRA price}$ )

Three solution packages voted at ELCCSTF: Package A – Vistra, Package B – ODEC & PJM, and Package C – PJM

- Package A: 37.9% in favor; 48.2% preferred over status quo
- Package B: 66.5158% in favor; 68% preferred over status quo
- Package C: 66.5025% in favor; 74.9% preferred over status quo

MRC Main Motion: Package B; MRC Alternate: Package C

ELCCSTF [Voting Result Report](#)



# BRA to IA Accreditation Uncertainty: Package B (MRC Main Motion)

## **Package B:** Lock in ELCC Class Ratings and Accredited UCAP Factors at the time of the BRA effective with the 2026/27 Delivery Year.

- New units in the IAs would still have accreditation based on the BRA ELCC ratings and analysis
- The Reserve Requirement Study and IRM would still be updated prior to IAs and reflect the latest set of available inputs for weather, load forecast, projected resource mix, and performance
- The FPR would be determined for IAs based on the updated IRM and the Pool-wide average Accredited UCAP Factor from the BRA (with any small adjustments needed to reflect updates to the resource mix)

## **Considerations:**

- Removes the BRA to 3<sup>rd</sup> IA uncertainty and risk of deficiency charges driven by lower ELCC ratings from market sellers (retains risk of ICAP deficiencies). Similarly, removes the upside of any increase in ELCC ratings for sellers that would have otherwise resulted in additional capacity value for sale.
- All updates to the inputs or shifts in risk profiles in the resource adequacy analysis and accreditation would effectively be captured in the determination of PJM Buys or Sells in the IAs with no ELCC updates, regardless of whether the driver of the changes were related to resource performance or not.

# BRA to IA Accreditation Uncertainty: Package C (MRC Alternate Motion)

**Package C:** Continue to update ELCC Class Ratings and Accredited UCAP Factors with each IA. However, for commitment deficiencies driven by lower UCAP factors, apply a lower penalty rate to the deficient MW based on 100% of the resource's clearing price effective with the 2026/27 Delivery Year.

- Deficiencies driven by a decrease in ICAP (e.g. planned generator clears and then fails to come online in time) continue to be subject to existing penalty rate based off 120% of the resource's clearing price.
- Deficiencies driven by a lower final Accredited UCAP Factor than the factor used when clearing the auction has the penalty rate reduced to 100% of the resource's clearing price.

## Considerations:

- Continues to expose market sellers to updates in ELCC accreditation values between the BRA and IAs (up or down), regardless of the driver of those changes, but removes exposure to deficiency penalties that exceed the auctions revenues being paid for the shortfall MW when the deficiency is driven by lower UCAP factors.
- Provides revenues back to load when accredited value of resources drop and replacement capacity is not procured.
- Can result in lower IA buy bid prices from owners of deficient resources than status quo and lower than the price PJM would buy at under Package B in certain scenarios.



# BRA to IA Accreditation Uncertainty: Resource Examples under Proposed Packages

**Example 1:** 100 MW ICAP generator is accredited and **clears 90 MW UCAP in the BRA**. Final accreditation under status quo updated to 80 MW UCAP (i.e. **10 MW decrease in accredited UCAP**)

Package B				Package C			
Final UCAP	Seller Buy Bid in 3 <sup>rd</sup> IA	Impact to PJM 3 <sup>rd</sup> IA Buy Bid	Delivery Year Assessments	Final UCAP	Seller Buy Bid in 3 <sup>rd</sup> IA	Impact to PJM 3 <sup>rd</sup> IA Buy Bid	Delivery Year Assessments
90 MW	-	+10 MW (relative to status quo)	No daily commitment deficiency penalty.  PAI obligation based on 90 MW UCAP.	80 MW	10 MW	-	If replacement procured, no daily deficiency penalty and PAI obligation based on 80 MW.  If not procured, subject to 10 MW daily deficiency penalty at 100% of clearing price. PAI obligation based on 90 MW UCAP.

# BRA to IA Accreditation Uncertainty: Resource Examples under Proposed Packages (cont'd)

**Example 2:** 100 MW ICAP generator is accredited and **clears 90 MW UCAP in the BRA**. Final accreditation under status quo updated to 95 MW UCAP (i.e. **5 MW increase in accredited UCAP**)

Package B				Package C			
Final UCAP	Seller Offer in 3 <sup>rd</sup> IA	Impact to PJM 3 <sup>rd</sup> IA Buy Bid	Delivery Year Assessments	Final UCAP	Seller Offer in 3 <sup>rd</sup> IA	Impact to PJM 3 <sup>rd</sup> IA Buy Bid	Delivery Year Assessments
90 MW	-	-5 MW (relative to status quo)	No daily commitment deficiency penalty.  PAI obligation based on 90 MW UCAP.	95 MW	5 MW	-	No daily deficiency penalty.  PAI obligation based on 90 or 95 MW UCAP dependent upon if the additional 5 MW offer clears in the 3 <sup>rd</sup> IA.

Seeking MRC and MC endorsement today on two separate set of reforms that will be voted independently:

1. Solution Package to add two ELCC Class definitions effective with the 2027/28 BRA
2. Solution Package(s) to help address accreditation uncertainty between the BRA and Third IA for a Delivery Year effective with the 2026/27 Delivery Year

## Timeline

Feb. 20 MRC: First Read of solution packages

March 19 MRC/MC: Endorsement vote of solution packages

## Presenter:

Pat Bruno

Market Design

[Patrick.Bruno@pjm.com](mailto:Patrick.Bruno@pjm.com)

**ELCCSTF Solution Packages**

A green speech bubble containing a white question mark, positioned above a blue speech bubble with three horizontal lines, indicating a question or contact point.

?

## Member Hotline

(610) 666 – 8980

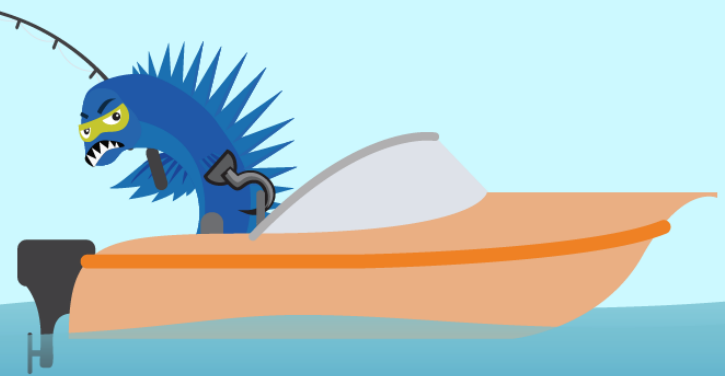
(866) 400 – 8980

[custsvc@pjm.com](mailto:custsvc@pjm.com)

**PROTECT THE  
POWER GRID**  
**THINK BEFORE  
YOU CLICK!**



**BE ALERT TO  
MALICIOUS PHISHING  
EMAILS**



**Report suspicious email activity to PJM.**  
Call (610) 666-2244 or email [it\\_ops\\_ctr\\_shift@pjm.com](mailto:it_ops_ctr_shift@pjm.com)