

RPM Critical Issue Fast Path (CIFP) 25/26 Delivery Year Settlement Impacts

Market Settlements Subcommittee
April 7, 2025

- [Critical Issue Fast Path \(CIFP\) Resource Adequacy](#) stakeholder meetings took place in 2023 to address resource adequacy challenges in the PJM Reliability Pricing Model or capacity market.
- As a result of stakeholder efforts, [filings](#) were made in Q4 2023 to introduce changes starting with the 2025/2026 Delivery Year.
- Direct Settlement impacts include:
 - Updated Non-Performance Assessment stop-loss calculation
 - Change in how Generation Resource Rating Test shortfall MW is determined
 - Generation Capacity Resource Operational Test Failure Charge
 - Allocation of revenue collected from Generation Capacity Resource Operational Test Failure Charges

- The PAI stop-loss calculation will be updated to be based on BRA clearing price as opposed to the current Net Cost of New Entry (CONE).
- Previous PAI stop-loss calculation:
 - $= 1.5 \times \text{Net CONE} \times \text{Number of Days in DY} \times \text{maximum daily unforced capacity committed by the resource}$
- New PAI stop-loss calculation:
 - $= 1.5 \times \text{BRA Clearing Price} \times \text{Number of Days in DY} \times \text{maximum daily unforced capacity committed by the resource}$

- Prior to the 2025/2026 Delivery Year, the Unit ICAP Shortfall for summer/winter testing period is equal to the Total Unit ICAP Commitment Amount minus the highest Summer/Winter Net Correct Test Capability achieved in a test.
- Effective with the 2025/2026 Delivery Year, the Unit ICAP Shortfall is determine for each resource on a daily basis. For each day of the Delivery Year, the Daily Unit ICAP Shortfall is calculated as the installed capacity committed for that day minus the highest Summer/Winter Net Corrected Test Capability determined for the resource in any test during the relevant testing period.
 - This allows different days of the delivery year to potentially calculate different shortfall MW versus calculating the same shortfall MW each day.

- New testing procedure initiated by PJM to test generators that are committed in RPM Auctions or included in FRR plans.
- Tests generator's availability status to better ensure they are capable of operating if/when needed for reliability.
 - Please see [additional details](#) as reviewed at the March 19, 2025 MRC meeting.
- Settlements will create 2 additional billing line items and MSRS reports to capture testing penalty charges and associated collected revenue allocations.

| Billing Line Item Name | Billing Line Item ID | MSRS Report Name |
|--|----------------------|---|
| Generation Capacity Resource Operational Test Failure Charge | 1668 | Generation Capacity Resource Operational Test Failure Charges |
| Generation Capacity Resource Operational Test Failure Credit | 2668 | Generation Capacity Resource Operational Test Failure Credits |

- Similar to other Capacity penalties, both line items will be processed in weekly billing statements.



Generation Capacity Resource Operational Test Failure Charges

The following columns will appear in the body of the report:

| Online and CSV Column Name | XML Column Name | Column Number | Data Type |
|---|-------------------------------|---------------|---|
| Customer ID | CUSTOMER_ID | 4000.01 | INTEGER |
| Customer Code | CUSTOMER_CODE | 4000.02 | VARCHAR2(6) |
| Date | DATE | 4000.04 | DATE (MM/DD/YYYY in online and CSV formats, YYYY-MM-DD in XML format) |
| Resource ID | RESOURCE_ID | 4001.21 | NUMBER(22) |
| Resource Name | RESOURCE_NAME | 4001.22 | VARCHAR2(80) |
| Commitment Type | COMMITMENT_TYPE | 4001.45 | VARCHAR2(80) |
| Operational Test Deficiency MW | OP_TEST_DEF_MW | 1668.11 | NUMBER(12,6) |
| Operational Test Deficiency Rate (\$/MW) | OP_TEST_DEF_RATE | 1668.12 | NUMBER |
| Calculated Operational Test Failure Charge (\$) | CALC_OP_TEST_FAIL_CH | 1668.13 | NUMBER(22,2) |
| Non-Performance Charge Offset (\$) | NON_PERFORMANCE_CHARGE_OFFSET | 3001.61 | NUMBER(22,2) |
| Operational Test Failure Charge (\$) | OP_TEST_FAIL_CHARGE | 1668.01 | NUMBER(22,2) |
| Version | VERSION | 4000.07 | VARCHAR2(12) |

Commitment Types:

FRR

RPM

Supporting Calculations

Calculated Operational Test Failure Charge = Operational Test Deficiency MW * Operational Test Deficiency Rate

$$1668.13 = 1668.11 * 1668.12$$

Deficiency Charge = Calculated Deficiency Charge – Non-Performance Charge Offset

$$1668.01 = 1668.13 - 3001.61$$



Generation Capacity Resource Operational Test Failure Credits

The following columns will appear in the body of the report:

| Online and CSV Column Name | XML Column Name | Column Number | Data Type |
|---|-------------------------|---------------|---|
| Customer ID | CUSTOMER_ID | 4000.01 | INTEGER |
| Customer Code | CUSTOMER_CODE | 4000.02 | VARCHAR2(6) |
| Date | DATE | 4000.04 | DATE (MM/DD/YYYY in online and CSV formats, YYYY-MM-DD in XML format) |
| Total PJM Operational Test Failure Charges (\$) | TOT_PJM_OP_TEST_FAIL_CH | 2668.11 | NUMBER(22,2) |
| UCAP Obligation (MW) | UCAP_OBLIGATION | 3001.29 | NUMBER(11,3) |
| Total PJM UCAP Obligation (MW) | TOT_PJM_UCAP_OBLIGATION | 3001.30 | NUMBER(11,3) |
| Operational Test Failure Credit (\$) | OP_TEST_FAIL_CREDIT | 2668.01 | NUMBER(22,2) |
| Version | VERSION | 4000.07 | VARCHAR2(12) |

Supporting Calculations

Operational Test Failure Credit = Total PJM Operational Test Failure Charges * UCAP Obligation / Total PJM UCAP Obligation

$$2668.01 = 2668.11 * 3001.29 / 3001.30$$

- Approved CIFP impacts will be effective with the start of the 2025/2026 Delivery Year on June 1, 2025.
- New billing line items and MSRS reports for Generation Capacity Resource Operational Testing will be effective for trade dates June 1, 2025.
 - Pardot communication will be distributed detailing availability of MSRS Report documentation on PJM.com and exact MSRS Production release date.
 - PJM is targeting the week of 5/5/2025 for the new reports to be available in the MSRS Sandbox/Training environment.
 - Please reach out to mrkt_settlement_ops@pjm.com for specific organization data set up.
- The earliest potential billing for Generation Capacity Resource Operational Testing will be the weekly bill issued on June 10, 2025.
- Please direct any questions related to report updates to mrkt_settlement_ops@pjm.com

| 1 | 2 | 3 |
|--|---|--|
| <ul style="list-style-type: none"> Multiple settlements impacts effective with the 2025/2026 RPM Delivery Year. 2 new Billing Line Items and MSRS reports will be created. | <ul style="list-style-type: none"> New MSRS reports available in Sandbox week of 5/5/2025. Available in Production beginning with first weekly bill of June issued June 10, 2025. | <ul style="list-style-type: none"> Additional communications will be sent to MSS distribution list containing details on report sandbox availability and documentation updates. |

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