

Circuit Breaker Preliminary Proposal

EPFSTF

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IMM



Monitoring Analytics

Rationale

- **The proposed October 2022 ORDCs will result in unreasonably high prices, especially during prolonged periods of scarcity.**
- **Recent winter peak daily energy usage: 2,500,000 MWh**
- **Lowest proposed emergency adder: \$4,000 per MWh**
 - **\$4,000 per MWh x 2,500,000 MWh = \$10 billion per day**
- **The highest daily energy costs in the last five years:**
 - **\$675 million in January 5, 2018, at 3,000,000 MWh**
 - **Only 6.8 percent of the proposed emergency energy costs**
- **The impacts of an over \$10 billion day on the PJM markets are not understood or predictable.**

Necessity of a Circuit Breaker

- **PJM's proposed ORDCs should not be implemented.**
- **The IMM recommends starting over with the shortage pricing market design.**
- **If PJM's proposed ORDCs go into effect, a circuit breaker is a necessity.**
- **As a last resort, in case FERC does not rule on the remand before October 2022, the emergency scenario outcomes under PJM's proposed ORDC should be prevented.**

IMM Proposal: Circuit Breaker Trigger

- **Circuit breaker trigger: \$1B daily energy market cost**
- **Day-ahead Market**
 - **If the day-ahead market clears above \$1 billion, it should be rerun under the circuit breaker ORDCs.**
- **Real-time Market**
 - **When the real-time energy revenues reach \$1 billion during a day, the circuit breaker should go into effect for the next operating hour possible with at least 65 minutes notice.**
- **Prolonged conditions**
 - **Once triggered, the circuit breaker should remain in effect as long as emergency conditions or hot/cold weather alerts continue.**

IMM Proposal: Circuit Breaker Penalty Factors

- **Revert to status quo ORDCs**
- **\$850 per MW penalty factor up to the reserve requirement**
- **\$300 per MW penalty factor for additional 190 MW**
- **Apply to DA and RT markets and subzone**
- **Cap the additivity of penalty factors at \$1,700 per MW**

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