

Perspectives on CPQR Post-Winter Storm Elliot

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- Many lessons to be learned from Winter Storm Elliot, but one thing is clear, **the risk associated with a capacity commitment is not \$0.**
 - Both PJM and the IMM have acknowledged that Winter Storm Elliot has changed the risk evaluation for Capacity Resources.
 - However, there is an information gap:
 - PJM and the IMM have all the data and are able to evaluate system risks.
 - Members have limited data to evaluate the risks of participation.

- To help Members better prepare for the next auction both PJM and the IMM should post default CPQR values.
- Values should be based on Technology, EFORd ranges, Expected Penalty, and Expected Bonus.
- PJM should also post aggregate CPQR ranges by technology that have been accepted/not accepted from prior auctions.
- Members should have option to select the default or to submit their own assessment of CP Risk.

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- Limited time prior to the next auction to consider broader reforms to better reflect risk.
 - PJM could keep the current auction schedule, while adding a new schedule line item for submission of CPQR.
 - Members could then evaluate both Winter Storm Elliot and, potentially, the 24/25 BRA results, while PJM continues with necessary pre-auction planning.

Questions?

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