

Preliminary Market Structure Screen

As stated in section 6.3 (a)(i) of Attachment DD of the PJM Tariff, “the Market Monitoring Unit shall apply the Preliminary Market Structure Screen (PMSS) to identify the LDAs in which Capacity Market Sellers must provide the data specified in section 6.7(b) for any auction conducted with respect to such Delivery Year and whether Capacity Market Sellers must provide this data for the entire PJM Region. For each LDA and for the PJM Region, the PMSS will be based on: (1) the Unforced Capacity available for such Delivery Year from Generation Capacity Resources located in such area; and (2) the Locational Deliverability Area Reliability Requirement and the PJM Reliability Requirement.”

As stated in section 6.3 (a)(ii)Section of Attachment DD of the PJM Tariff, “An LDA, Unconstrained LDA Group,¹ or the entire PJM Region shall fail the Preliminary Market Structure Screen, and Capacity Market Sellers owning or controlling any Generation Capacity Resource located in such LDA, Unconstrained LDA Group, or region shall be required to provide the information specified in section 6.7(b), if any one of the following three conditions is met: (1) the market share of any Capacity Market Seller exceeds twenty percent; (2) the HHI for all such sellers is 1800 or higher; or (3) there are not more than three jointly pivotal suppliers.”

Results

The Market Monitoring Unit applied the PMSS for the 2010-2011 Auction using Unforced Capacity from eRPM effective as of June 1, 2009 and the LDA and PJM Reliability Requirements for 2009-2010.² As shown in the table below, all LDAs and the entire PJM Region failed the PMSS. As a result, except for the provisional exceptions listed, all Capacity Market Sellers owning or controlling any Generation Capacity Resource located in such LDA or the entire PJM Region shall be required to provide the information specified in section 6.7(b).

¹ PJM did not define an Unconstrained LDA Group for this Auction.

² As of October 1, 2007, PJM had not yet updated the planning parameters for the 2010-2011 RPM delivery year, so the most current data (as of June 1, 2009) is used here.

RPM Preliminary Market Structure Screen Results: 2010-2011

	Highest Market Share	HHI	Pivotal Suppliers	Pass/Fail
RTO	18.4%	853	1	Fail
EMAAC	31.3%	2053	1	Fail
SWMAAC	51.1%	4229	1	Fail
MAAC+APS	26.9%	1627	1	Fail

Data Requirements

As stated in section 6.7(b) of Attachment DD of the PJM Tariff, “Except as provided in subsection (c) below, potential participants in any PJM Reliability Pricing Model Auction in any LDA or unconstrained LDA Group that fails the Preliminary Market Structure Screen (or, if such region fails the screen, potential auction participants in the entire PJM Region) shall, in addition, submit the following data, (all submitted data is subject to verification by the MMU) together with supporting documentation for each item, to the Market Monitoring Unit no later than two months prior to the conduct of such auction:”

Provisional Exceptions

As stated in section 6.7(c) of Attachment DD of the PJM Tariff, “Potential auction participants identified in subsection (b) above need not submit the data specified in that subsection for any Generation Capacity Resource: (i) that is in an Unconstrained LDA Group or, if this is the relevant market, the entire PJM Region, and is in a resource class determined by the Market Monitoring Unit as not likely to include the marginal price-setting resources in such auction; or (ii) for which the potential participant commits that any Sell Offer it submits as to such resource shall not include any price above the level identified for the relevant resource class by the Market Monitoring Unit.”

The Market Monitoring Unit has identified the following resource classes as not likely to include the marginal price-setting resources in such auction. The following resource

classes in the zones outside of the EMAAC, SWMAAC and MAAC+APS LDAs are provisionally excepted for the following unit types:³

- Nuclear units
- Coal units
- Combustion Turbines less than 10 years of age

In addition, combined cycle units in zones outside of EMAAC, SWMAAC and MAAC+APS, if an owner has more than one combined cycle unit and that owner provides data on one combined cycle unit, are provisionally excepted from the requirement to provide data in 6.7 (b).

³ Provisionally excepted means that it is excepted unless the Market Monitoring Unit requires the data, per section 6.7(c).