

Capacity Market Seller Certification of Capacity Resource with Actionable Subsidy

PJM's Capacity Reform filing, which is currently under consideration by the Federal Energy Regulatory Commission ("Commission") for implementation in the 2022/2023 Base Residual Auction ("BRA"), includes a requirement that each Capacity Market Seller must by no later than March 17, 2019, specify whether or not each Capacity Resource that the seller intends to offer into the BRA is a Capacity Resource with Actionable Subsidy. This certification requirement will be facilitated through a new Capacity Exchange screen that will open to all Capacity Market Sellers on Monday, March 11, 2019, and will close at midnight on Sunday, March 17, 2019, by which time, each Generation Capacity Resource and each Demand Resource that a seller intends to offer into the BRA should be confirmed by the seller as being either a Capacity Resource with Actionable Subsidy or not.

This document provides instructions and other important information to assist a Capacity Market Seller in completing the resource certification process. PJM urges all Capacity Market Sellers to begin the certification process as early in the week as possible in order to ensure that all Capacity Resources that the seller intends to offer into the BRA are properly represented in the Capacity Exchange system for the purpose of the certification requirement.

Resource Certification Process

Verify that each Capacity Resource intended to be offered into the BRA is represented in the Capacity Exchange System for the purpose of this Resource Certification Process

1. Starting Monday, March 11, 2019, the resource certification screen will be available in Capacity Exchange. After logging into Capacity Exchange, the new certification screen can be viewed by:

Select **Auctions ==> Actionable Subsidy Certification**

Select Delivery Year filter of "**2022/2023**" and Auction Type filter of "**Base**".

2. The Capacity Market Seller will be presented with a pre-populated list of Capacity Resources comprised of any Generation Capacity Resource that resides in the seller's account with a non-zero ICAP MW value on June 1, 2022¹, and, any Demand Resource that resides in the seller's account that was offered into the 2021/2022 BRA.
3. If the pre-populated list of Capacity Resources does not include one or more Capacity Resources that the seller intends to offer into the BRA then the seller should notify PJM of any such omissions as soon as they are identified. Capacity Market Sellers should contact PJM at RPM_Hotline@pjm.com with an email that includes the seller's account name and a brief description of the omission or any other relevant information such as:

¹ As determined by a query of such data at the close of business on Friday, March 8, 2019, therefore, the list of Generation Capacity Resources will reflect all relevant approved/confirmed transactions in the Capacity Exchange system at the time of this query.

- The Generation Interconnection Queue Number(s) of any Planned Generation Capacity Resource that may not yet have been modeled in the Capacity Exchange System.
- The Transaction ID Number(s) associated with any bilateral transaction(s) submitted during the week of Monday, March 11, 2019, that transfer available unit-specific capacity from one seller account to another seller account for the relevant time period.
- The Zone or Sub-Zonal LDA of any Demand Resource that the seller intends to offer into the upcoming BRA but for which the seller does not see a Demand Resource on the Actionable Subsidy Certification screen. A unique Demand Resource must be established for each Zone or Sub-Zonal LDA for which the seller intends to offer in an auction.

Completing the Actionable Subsidy Certification Process for each Capacity Resource that the Seller Intends to Offer into the Auction

4. Prior to certifying each of the individual Capacity Resources listed on the Actionable Subsidy Certification screen, it is critical to the proper registration of each Capacity Resource that the seller check on the “Self-Supply LSE” box located at the top of the screen if, and only if, the seller meets the definition of Self-Supply LSE. For this purpose, “Self-Supply LSE” means the following types of Load Serving Entity, which operate under long-standing business models: Public Power Entity, Single Customer Entity, or Vertically Integrated Utility.²
 - If the Capacity Market Seller is not a Self-Supply LSE then the seller should ensure that the “Self-Supply LSE” box located at the top of the screen is not checked and the seller should proceed with the certification of each individual Capacity Resource listed on the screen in accordance with the required actions described on Table 1 below.

Table 1 describes the columns of the Actionable Subsidy Certification screen and the Required Action of the screen as they relate to Capacity Market Sellers that are NOT Self-Supply LSEs.

² “Public Power Entity” means cooperative and municipal utilities, including public power supply entities comprised of either or both of the same and rural electric cooperatives, and joint action agencies; “Vertically Integrated Utility” means a utility that owns generation, includes such generation in its regulated rates, and earns a regulated return on its investment in such generation; and, “Single Customer Entity” means an LSE that serves at retail only customers that are under common control with such LSE, where such control means holding 51% or more of the voting securities or voting interests of the LSE and all its retail customers.

- If the Capacity Market Seller is a Self-Supply LSE then the seller should ensure that the “Self-Supply LSE” box located at the top of the screen is checked before proceeding with the certification of each individual Capacity Resource listed on the screen in accordance with the required actions described on Table 2 below. With the “Self-Supply LSE” box checked, each Capacity Resource listed on the Actionable Subsidy Certification should represent “Owned and Contracted Capacity” of the Self-Supply LSE.

Table 2 describes the columns of the Actionable Subsidy Certification screen and the Required Action of the screen as they relate to Capacity Market Sellers that are Self-Supply LSEs.

Table 1 – Actionable Subsidy Certification by a Capacity Market Seller that is Not a Self-Supply LSE

Data Field	Relevant Information	Required Action
Material Resource	<p>See Material Resource definition of Attachment 1.</p> <p>This field is not editable by the seller.</p> <p>The field has been set to “Yes” if data of the Capacity Exchange system indicates that the capacity value of the resource is greater than or equal to 20 MW, or, if the fuel type of the resource is not one of those referred to in the Material Resource definition. Otherwise, the field has been set to “No”.</p> <p>The seller should consider the impact of any planned uprates intended to be offered into the auction that are not yet reflected in the system as it relates to the 20 MW threshold.</p>	<p>The seller should communicate any disagreement with the “Yes” or “No” designation of the Material Resource field to PJM as soon as it is identified.</p> <p>Contact PJM at RPM_Hotline@pjm.com with email that includes:</p> <p>Account Name Resource Name Requested Change Reason for Change</p>
Material Subsidy	<p>See Material Subsidy definition of Attachment 1.</p>	<p>The seller should select “Yes” for any resource for which the seller is entitled to receive a Material Subsidy, or, for which the seller has received a Material Subsidy and has yet to clear any RPM Auction since it received the Material Subsidy. Otherwise, the seller should select “No”.</p>
Cleared in Prior Auction	<p>This field is not editable by the seller.</p> <p>The field has been set to “Yes” if data of the Capacity Exchange system indicates that the resource has cleared in a prior auction for a prior delivery year. Otherwise, the field has been set to “No”.</p>	<p>The seller should communicate any disagreement with the “Yes” or “No” designation of the Cleared in Prior Auction field to PJM as soon as it is identified.</p> <p>Contact PJM at RPM_Hotline@pjm.com with email that includes:</p> <p>Account Name Resource Name Requested Change Reason for Change</p>
Forgo Subsidy	<p>This field is editable by the seller up to 30 days prior to the BRA.</p> <p>If a seller certifies to forgo receiving all Material Subsidies associated with a resource for the relevant Delivery Year then that resource will not be treated as a Capacity resource with Actionable Subsidy and will not be subject to MOPR.</p>	<p>A seller that selects “Yes” certifies to forgo receiving all Material Subsidies associated with the resource for the relevant Delivery Year.</p>
Capacity Resource with Actionable Subsidy	<p>If this field is “Yes” then the resource is subject to MOPR, unless, the seller elects the Resource Carve-Out option.</p>	<p>The field should be set by seller to “Yes” if the Material Resource field is “Yes” and the Material Subsidy field is “Yes”, unless, the seller has certified to forgo the Material Subsidy by selecting “Yes” in the Forgo Subsidy field. Otherwise, this field should be set by the seller to “No”.</p>
Resource Carve-Out	<p>This field is editable by the seller up to 30 days prior to the BRA.</p> <p>A seller that elects the resource carve-out option takes on capacity commitment while forgoing any capacity market revenues.</p>	<p>A seller that selects “Yes” will take on a capacity commitment while forgoing any capacity market revenues for the relevant delivery year.</p>

Table 2 – Actionable Subsidy Certification by a Self-Supply LSE

Data Field	Relevant Information	Required Action
Material Resource	<p>See Material Resource definition of Attachment 1.</p> <p>This field is not editable by the seller.</p> <p>The field has been set to “Yes” if data of the Capacity Exchange system indicates that the capacity value of the resource is greater than or equal to 20 MW, or, if the fuel type of the resource is not one of those referred to in the Material Resource definition. Otherwise, the field has been set to “No”.</p> <p>The seller should consider the impact of any planned uprates intended to be offered into the auction that are not yet reflected in the system as it relates to the 20 MW threshold.</p>	<p>The seller should communicate any disagreement with the “Yes” or “No” designation of the Material Resource field to PJM as soon as it is identified.</p> <p>Contact PJM at RPM_Hotline@pjm.com with email that includes:</p> <p>Account Name Resource Name Requested Change Reason for Change</p>
Material Subsidy	<p>This field has no relevance for a Self-Supply LSE and is not editable by the seller.</p>	<p>No Action required for Self-Supply LSE</p>
Cleared in Prior Auction	<p>This field is not editable by the seller.</p> <p>The field has been set to “Yes” if data of the Capacity Exchange system indicates that the resource has cleared in a prior auction for a prior delivery year. Otherwise, the field has been set to “No”.</p>	<p>The seller should communicate any disagreement with the “Yes” or “No” designation of the Cleared in Prior Auction field to PJM as soon as it is identified.</p> <p>Contact PJM at RPM_Hotline@pjm.com with email that includes:</p> <p>Account Name Resource Name Requested Change Reason for Change</p>
Self-Supply Exemption	<p>This field is not editable by the seller.</p> <p>The field has been set to “Yes” if the Cleared in Prior Auction field is “Yes”.</p> <p>The field has been set to “No” if the Cleared in Prior Auction field is “No”.</p> <p>PJM will reset this field to “Yes” contingent upon an approved Self-Supply Exemption request.</p>	<p>No Action required for Self-Supply LSE</p>
Capacity Resource with Actionable Subsidy	<p>If this field is “Yes” then the resource may be subject to the MOPR Floor Offer Price unless (i) a Self-Supply Exemption Request satisfying the Net Short/Net Long Thresholds is submitted and approved, or (ii) a Resource Carve-Out is elected for the resource.</p> <p>PJM will reset this field to “No” contingent upon an approved Self-Supply Exemption request.</p>	<p>The field should be set by seller to “Yes” if the Self-Supply Exemption field is “Null” and the Material Resource field is “Yes”. Otherwise, this field should be set by the seller to “No”.</p>
Resource Carve-Out	<p>This field is editable by the seller up to 30 days prior to the BRA.</p> <p>A seller that elects the resource carve-out option takes on capacity commitment while forgoing any capacity market revenues.</p>	<p>A seller that selects “Yes” will take on a capacity commitment while forgoing any capacity market revenues for the relevant delivery year.</p>

Attachment 1 – Definitions Relevant to the Resource Certification Process

Material Resource: A Material Resource is any Generation Capacity Resource or Demand Resource, except:

- Any Capacity Resource having a capacity value less than 20 MW; or,
- Any Generation Capacity Resource for which electricity production is not the primary purpose of the facility, but rather a byproduct of the resource's primary purpose, such as most waste to energy or combined heat and power facilities. Such resources include those fueled entirely by, for example, landfill gas, wood waste, municipal solid waste, black liquor, coal mine gas, or distillate fuel oil.

Material Subsidy: "Material Subsidy" shall mean: (1) material payments, concessions, rebates, or subsidies as a result of any state governmental action connected to the procurement of electricity or other attribute from an existing Capacity Resource, or the construction, development, or operation, (including but not limited to support which has the effect of allowing the unit to clear in any RPM Auction) of a Capacity Resource, or (2) other material support or payments obtained in any state-sponsored or state-mandated processes, connected to the procurement of electricity or other attribute from an existing Capacity Resource, or the construction, development, or operation, (including but not limited to support which has the effect of allowing the unit to clear in any RPM Auction), of the Capacity Resource, or (3) material payments, concessions, rebates, or subsidies authorized pursuant to federal legislation or a federal subsidy program enacted after March 21, 2016 connected to the construction, development, or operation, (including but not limited to support which has the effect of allowing the unit to clear in any RPM Auction) of the Capacity Resource unless such federal legislation specifically exempts the application of MOPR to the program being authorized pursuant to federal legislation, or (4) other material support or payments obtained in any federally-sponsored or federally-mandated processes enacted after March 21, 2016, connected to the construction, development, or operation, (including but not limited to support which has the effect of allowing the unit to clear in any RPM Auction), of the Capacity Resource, unless such federal legislation specifically exempts the application of MOPR to the program being authorized pursuant to federal legislation, provided that any subsidy under (1) through (4) is 1% or more of the resource's actual or anticipated total revenues from PJM's energy, capacity, and ancillary services markets. A Material Subsidy shall not include (5) payments (including payments in lieu of taxes), concessions, rebates, subsidies, or incentives designed to incent, or participation in a program, contract or other arrangement that utilizes criteria designed to incent or promote, general industrial development in an area; (6) payments, concessions, rebates, subsidies or incentives from a county or other local governmental authority using eligibility or selection criteria designed to incent, siting facilities in that county or locality rather than another county or locality; or (7) A renewable energy credit (including for onshore and offshore wind, as well as solar, collectively, RECs) will not be considered to be a Material Subsidy, if the Capacity Market Seller sells the REC to a purchaser that is not required by a state program to purchase the REC, and that purchaser does not receive any state financial inducement or credit for the purchase of the REC.