

Peak Hour Period Availability Charge/Credit FAQs

General Questions

Q: What is the purpose of the Peak-Hour Period Availability Charge?

A: The Generating Unit Peak-Hour Period Availability metric provides a means to assess whether committed generation resources are available at expected levels during critical peak periods, and credits or charges resource providers to the extent that they exceed or fall short of that expected availability. The metric provides generation owners an added incentive to ensure that their capacity resources are available when they are most needed, and provide loads greater assurance that their payments for capacity will help maintain peak-hour period reliability.

Q: When are charges and credits assessed?

A: Peak Hour Period Availability Charges and Credits are assessed daily and billed retroactively for the entire Delivery Year (not just peak periods) in the August bill issued in September after the conclusion of the delivery year.

Q: What is the Daily Peak-Hour Period Availability Charge Rate?

A: The Daily Peak-Hour Period Availability Charge Rate applied to Net Peak Period Capacity Shortfalls for RPM Resource Commitments in a Locational Deliverability Area (LDA) is equal to a party's Weighted Average Resource Clearing Price in an LDA.

A party's Weighted Average Resource Clearing Price in an LDA is determined by calculating the weighted average of resource clearing prices in the LDA for all RPM Auctions, weighted by a party's cleared and make-whole MWs in the LDA. Cleared MWs acquired or transferred through a Unit Specific Transaction for Cleared Capacity are accounted for in the calculation of the Weighted Average Resource Clearing Price. Cleared MWs or make-whole MWs in the LDA for wind, solar, demand resource or energy efficiency resources are not considered in the calculation of a party's Weighted Average Resource Clearing Price in an LDA. In the case where a party's Weighted Average Resource Clearing Price in an LDA is \$0/MW-day, a PJM Weighted Average Resource Clearing Price in an LDA is used.

The PJM Weighted Average Resource Clearing Price in an LDA is determined by calculating the weighted average of resource clearing prices in the LDA for all RPM Auctions, weighted by the total cleared and make-whole MWs in an LDA.

The Daily Peak-Hour Period Availability Charge Rate applied to Net Peak Period Capacity Shortfalls for FRR Capacity Plan Commitments in an LDA is equal to the weighted average of the resource clearing prices across all RPM Auctions for the LDA encompassing the zone of the FRR Entity, weighted by the quantities cleared in the RPM Auctions.

Q: Is there an MSRS billing report available on Peak-Hour Period Availability Charges and Credits?

A: There currently is not an MSRS billing report available on Peak-Hour Period Availability Charges and Credits; however, PJM develops a Peak-Hour Period Availability Calculator which contains the billing determinants needed to recalculate the

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charges and credits on your bill. The calculator is available on the RPM Auction User Information page of the PJM website under the applicable Delivery Year heading.

Generator Owner Questions

Q: What resources are subject to this penalty?

A: The Generating Unit-Peak-Hour Period Availability metric is applicable to all generation resources committed to serve load either under Reliability Pricing Model or Fixed Resource Requirement Alternative. It is not applicable to wind and solar generation.

Q: How is the shortfall on the committed portion of the unit calculated?

A: First, using the unit's EFORd-5, the Target Unforced Capacity (TCAP) is calculated. This value represents the expected availability of the committed portion of the unit during the defined peak-hour periods.

$$\text{TCAP} = \text{Total Unit ICAP Commitment Amount} * (1 - \text{EFORd-5})$$

Second, using the unit's EFORp, the Peak Period Capacity Available (PCAP) is calculated. This value represents the actual availability of the committed portion of the unit during the defined peak-period hours.

$$\text{PCAP} = \text{Total Unit ICAP Commitment Amount} * (1 - \text{EFORp})$$

Lastly, the Unit Peak-Hour Period Capacity Shortfall is calculated by subtracting the PCAP from TCAP. A positive Unit Peak-Hour Period Capacity Shortfall indicates a shortfall in meeting a unit's expected availability (underperformance) and a negative Unit Peak-Hour Period Capacity Shortfall indicates that the unit exceeded its expected availability (over performance).

Q: Is there a limit to the amount of Unit Peak Hour Period Shortfall assessed?

A: A Unit Peak-Hour Period Capacity Shortfall is limited, on a unit specific basis, to 50% of the Total Unit ICAP Commitment Amount * (1-Effective EFORd).

- If the 50% limitation is triggered in a Delivery Year, the limit will increase to 75% in the following Delivery Year.
- If the 75% limitation is triggered in a Delivery Year, the limit will increase to 100% in the following Delivery Year.

The 50% limit will be reinstated after three years of good performance

Q: What happens if the unit was committed by multiple resource providers?

A: If portions of the unit were committed by multiple resource providers, the Target Unforced Capacity (TCAP) and Peak Period Capacity Available (PCAP) values are allocated to the resource providers based on the provider's pro-rata share of the Total Unit ICAP Commitment Amount. The shortfall is then calculated as TCAP minus PCAP on a Resource Provider Level.

Q: How are my Unit Peak Hour Period Capacity Shortfalls netted?

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A: For a resource provider, the net of their share of the Unit Peak Hour Period Capacity Shortfall across committed units in an LDA is determined as the provider's Net Peak Hour Period Capacity Shortfall in an LDA. A positive Net Peak Hour Period Capacity Shortfall in an LDA represents underperformance of the provider's committed portion of the units. A negative Net Peak Hour Period Capacity Shortfall in an LDA represents overperformance of the provider's committed portion of the units.

Q: Does the LDA netting occur at the modeled LDA or constrained LDA level?

A: The netting of Unit Peak-Hour Period Capacity Shortfalls is performed across committed units located in those modeled and electrically contiguous LDAs that experience the same amount of locational price separation (in \$/MW-day) in each RPM Auction for the Delivery Year. The Peak Hour Period Availability Calculator located under the applicable Delivery Year heading on the RPM User Information web page indicates the LDAs for which PHPA performance was netted for such Delivery Year.

Q: Does the LDA netting occur at the sub account basis or parent company level?

A: The netting of Unit Peak-Hour Period Capacity Shortfalls in an LDA is performed across committed units within a single account in eRPM. There is no netting of Unit Peak-Hour Period Capacity Shortfalls performed across multiple accounts in eRPM.

Q: Can I use capacity that is not committed to either RPM or FRR but fulfills the requirements of a capacity resource to offset a Net Peak Hour Period Capacity Shortfall in an LDA?

A: Eligible available capacity (i.e., uncommitted capacity) in a provider's portfolio that satisfies the capacity resource obligations may serve as replacement capacity and reduce a provider's positive Net Peak Hour Period Capacity Shortfall in an LDA. An Adjusted Net Peak Hour Period Capacity Shortfall in an LDA is calculated for a provider to take into account the eligible available capacity that may serve as replacement capacity. For more information on how eligible available capacity is calculated and how an Adjusted Net Peak Hour Period Capacity Shortfall in an LDA is calculated, please refer to Section 8.4.5.1 of Manual 18.

Q: What happens if a resource provider has both RPM Resource Commitments and FRR Capacity Plan Commitments?

A: If a resource provider has both RPM Resource Commitments and FRR Capacity Plan Commitments, the provider's Adjusted Net Peak Hour Period Capacity Shortfall in an LDA will be separated into an Adjusted Net Peak Hour Period Capacity Shortfall in an LDA for RPM Resource Commitments and an Adjusted Net Peak Hour Period Capacity Shortfall in an LDA for FRR Capacity Plan Commitments.

- A Provider's Adjusted Net Peak Hour Period Capacity Shortfall in LDA for RPM Resource Commitments = provider's Adjusted Net Peak Hour Period Capacity Shortfall in LDA*provider's Net Average Daily RPM ICAP Commitment Amount in LDA/provider's Net Share of Total Unit ICAP Commitment Amount in LDA.

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- A Provider's Adjusted Net Peak Hour Period Capacity Shortfall in LDA for FRR Commitments = provider's Adjusted Net Peak Hour Period Capacity Shortfall in LDA*provider's Net Average Daily FRR ICAP Commitment Amount in LDA/provider's Net Share of Total Unit ICAP Commitment Amount in LDA.

Q: Where can I view my Adjusted Net Peak-Hour Period Capacity Shortfalls for RPM Commitments and Adjusted Net Peak-Hour Period Capacity Shortfalls for FRR Capacity Plan Commitments?

A: You can view your Adjusted Peak-Hour Period Capacity Shortfalls for RPM Commitments or FRR Capacity Plan Commitments in an LDA and view the performance of the committed portion of units and the performance of any eligible available capacity of units on the Peak Hour Period Availability screen under the Performance area in the eRPM system. A unit's EFORd-5 and EFORp are also available on this screen. Please see Task 1: View Peak Hour Period Availability under the Performance section of the eRPM User Guide at <http://www.pjm.com/markets-and-operations/etools/~media/markets-ops/rpm/erpm-user-guide.ashx>.

Q: I had a net negative Adjusted Peak-Hour Period Capacity Shortfall in a given LDA. Why didn't I receive a credit equal to the MW amount?

A: Credits are allocated using the total charges as the basis. If no Peak-Hour Period Availability Charges in an LDA are assessed, over performing resource providers in an LDA will not receive a credit. If the total shortfall in a given LDA is less than the total excesses, over performing resource providers will receive a pro-rata share of the total charges. The amount allocated to over performing resource provider is capped at their Adjusted Net Peak Period Capacity Shortfall in LDA times the Daily Peak-Hour Period Availability Charge Rate.

Load Server Questions

Q: I am a Load Serving Entity (LSE), but received a credit on my PJM invoice. Why?

A: If any remaining balance of Peak-Hour Period Availability Charges is remaining after allocated to Resources that over performed, the credits will be dispersed to LSEs who serve load in those LDAs who were assessed a Locational Reliability Charge and FRR Alternative LSEs with a resource portfolio that over performed. The Peak Hour Period Availability Charges are allocated to these LSEs on a pro-rata basis based on their daily unforced capacity obligations.

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