



Summary of Market Seller Offer Cap Order

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Market Implementation Committee

Sept. 9, 2021

- FERC previously found that the current MSOC is too high and inappropriate but required additional evidence to set a replacement rate
- FERC invited parties to submit briefs on an appropriate replacement rate
- Various proposals were filed at FERC including:
 - Revised assumption on the number of Performance Assessment Intervals
 - Average historical BRA clearing price
 - Estimated competitive clearing price based
 - Net ACR

- FERC held that “the Unit-Specific ACR Proposal is preferable to the other options presented in the paper hearing because it would best ensure the capacity market’s overall competitiveness”
 - “The other proposals would result in the review of fewer offers, and potentially not the marginal offer(s), and therefore be less effective at identifying and mitigating the exercise of market power in PJM.”
- “We also find just and reasonable that the Unit-Specific ACR Proposal provides sellers with the ability to rely on the default gross ACR values as an alternative to unit-specific review.”
- “Any seller wishing to offer above that unit-specific cap must undergo a unit-specific review.”

- The Commission granted “PJM’s request for a limited one-time waiver of the July 19, 2021 deadline to submit a must offer exception request associated with resource deactivations; the August 3, 2021 deadline to request a unit-specific offer cap; and any other relevant pre-auction deadlines impacted by the revised default offer cap, including deadlines for PJM and the Market Monitor to timely review such requests, as applicable to the BRA for the 2023-2024 delivery year.”
- PJM must file within five business days of the issuance of this order, its proposed revised deadlines (Sept. 10).

- Does the revised pre-auction schedule that maintains the December auction date provide adequate timeframes to accomplish the MSOC unit-specific review process?
- How do stakeholders feel about the timeline in relation to the December auction date – should PJM seek a limited delay of the auction such as the proposed alternative?

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