



## Capacity Senior Task Force STATUS REPORT January 23, 2014

The Capacity Senior Task Force (CSTF) will analyze and evaluate PJM's capacity market as directed by the Markets and Reliability Committee. This status report documents progress made since last reported on the issue(s) charged to this PJM stakeholder group.

### 1. RPM - Replacement Capacity / Prospective Capacity Resource Incentives

#### A. Issue Description:

This issue concerns whether or not RPM rules should be changed to eliminate the unintended financial incentive identified by the IMM for participants to over-commit in the BRA, and then buy-out of their capacity commitments in the Incremental Auctions.

#### B. Issue Tracking Status:

Solution Alternatives Proposed

#### C. Target Completion:

March 15, 2014

#### D. Progress Update:

The CSTF developed 5 solution packages to addressing this issue. Those packages were voted on Jan 22-26. Results will be presented to the MRC on January 30<sup>th</sup> for a first read. A complete solutions matrix detailing the 5 solution packages can be found here:

<http://www.pjm.com/~media/committees-groups/task-forces/cstf/20140131/20140131-replacement-capacity-matrix-updated.ashx>

#### E. Action Requested:

The Members Committee may be asked to endorse a proposal at its February 27<sup>th</sup> meeting.



## 2. CONE Triennial Review Process

### A. Issue Description:

The FERC accepted Offer of Settlement and Settlement Agreement among PJM and numerous other settling parties in FERC Docket No. ER12-513-000 required that a stakeholder process be conducted to identify any desired changes in the CONE triennial review process in light of lessons learned from the most recent triennial review process. Stakeholders will assess the current effective Tariff's Handy-Whitman Index adjustment method for Gross CONE and any other desired changes in the CONE review process such as the use of forward looking Energy and Ancillary Service Offset in the determination of Net CONE, timing of the Triennial Review process, or changes in the determination of other input parameters that govern the determination of Gross CONE.

### B. Issue Tracking Status:

Solution Alternatives Proposed

### C. Target Completion:

March, 2014

### D. Progress Update:

Stakeholders will begin discussing which solution alternatives proposed can be put together into a consensus proposal that would either make changes to the tariff regarding the CONE Review Process or make recommendations to the consultant conducting the review, or both.

### E. Action Requested:

None

Author: Scott Baker  
January 23, 2014  
DOCS # 702902