



Capital Recovery Factor (CRF) for Avoidable Project Investment Cost Determinations

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- The CRF values currently in the Tariff need updating to reflect current federal tax laws.
- The current approach of “hardwiring” these values into the tariff is problematic as it does not allow for a timely update of the values should federal tax laws change in the future.
 - PJM Tariff, Attachment DD, section 6.8(a) - Table

- MIC simultaneously approved the issue charge and the proposed solution at the 3/10/2021 MIC meeting (Quick Fix)
 - Expected Deliverables: Revision to Section 6.8(a), Attachment DD of the PJM Tariff

[Issue Tracking](#)

- MIC: 2/10/2021 (first read)
- MIC: 3/10/2021 (endorsement)
- MRC: 3/29/2021 (first read)
- MRC: 4/21/2021(endorsement)
- MC: 4/21/2021(approval) – same day vote

Seeking same day MRC/MC endorsement on 4/21/21 as
Tariff changes are needed for implementation for
December's 2023/2024 BRA

- Existing CRF table of tariff to be used through and including the BRA for the 2022/2023 Delivery Year
- The table of CRF values applicable to each RPM Auction will be determined and posted on the PJM website by no later than 150 days prior to the commencement of the offer period of each RPM Auction
- The values of the posted CRF table will be determined using federal income tax laws in effect for the relevant Delivery Year at the time of the determination and shall use the same assumptions of (i) capital structure and cost of capital; (ii) debt interest rate; and (iii) state income tax rate, as those used to calculate the Cost of New Entry for the Reference Resource for the relevant Delivery Year

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