

Next Steps in Capacity Market Design

Capacity Market
Workshop – Session 2
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Joe Bowring
Independent Market Monitor



Monitoring Analytics

Capacity Market

- **Competitive market is fundamental.**
- **Definition of capacity/reliability is fundamental.**
- **MOPR elimination is immediate issue.**

- **Minimize changes to design.**
- **Recognize competing authorities.**
- **Recognize competing objectives.**
- **Reconcile two approaches.**



Capacity Market Design: Basic

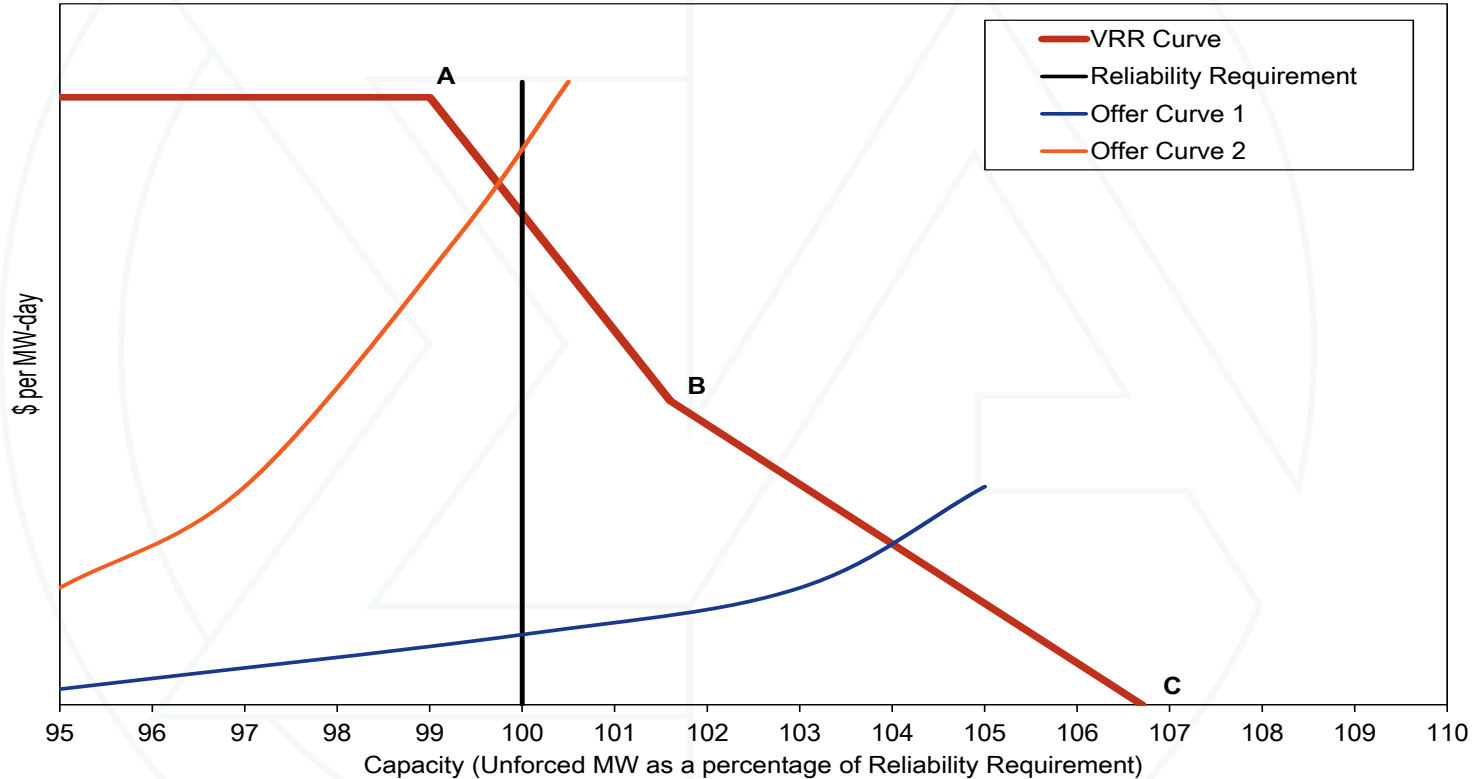
- **FERC's objectives**
- **States' objectives**
- **Clean/renewable is one objective**
- **In the absence of MOPR, state programs can choose specific resources**
- **State resources can offer into capacity auction at a price they choose**
- **Capacity contribution is defined**
- **Auction clears**

Capacity Market Design: Coordinated

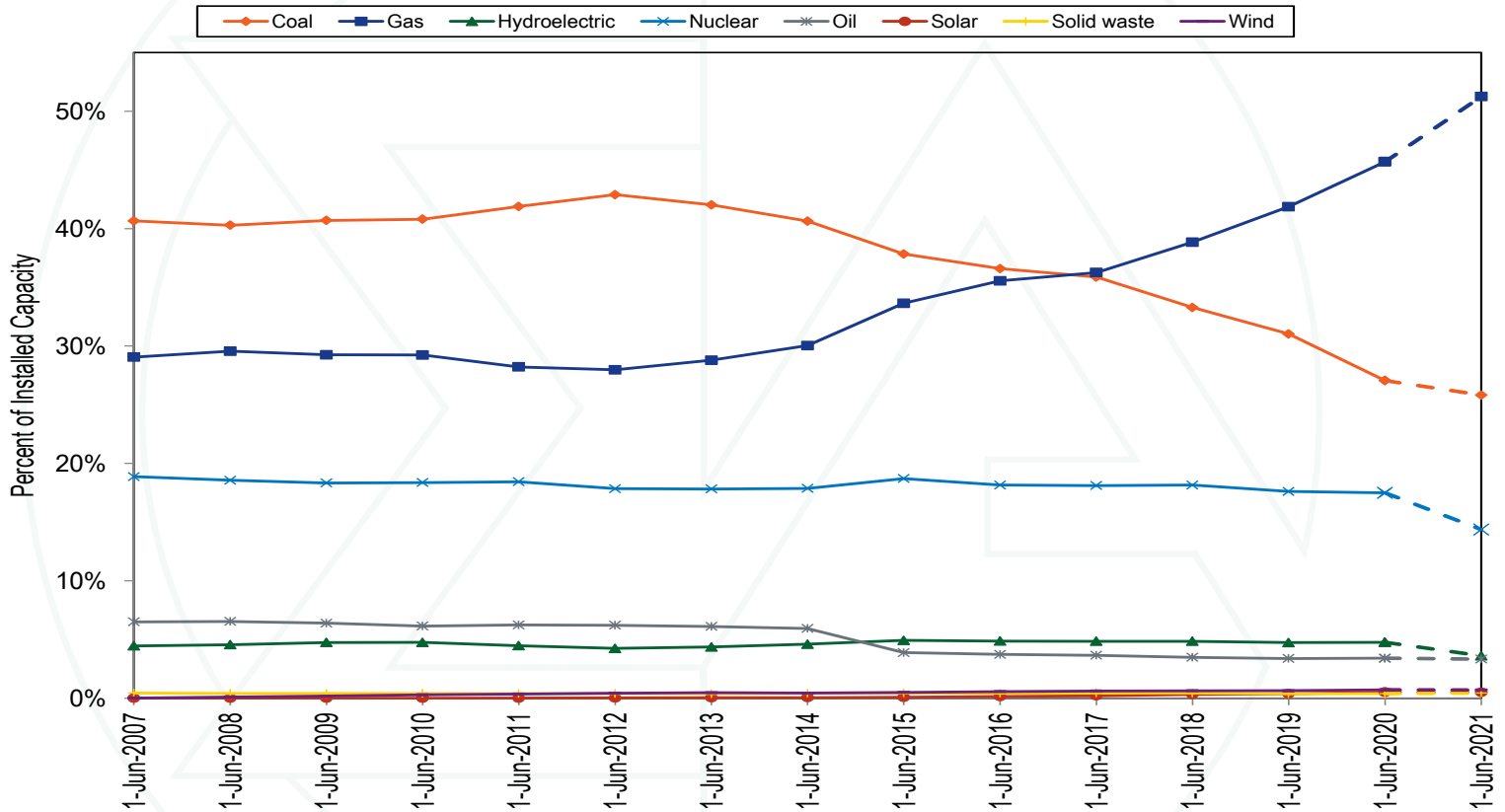
- **Design for single state programs**
- **Design for common state objectives**
- **PJM market to meet common state objectives**
 - **Defined product**
 - **Defined quantity**
 - **Competitive, least cost procurement**
- **Separate demand curve/quantity/price**
- **Definition of capacity/reliability**



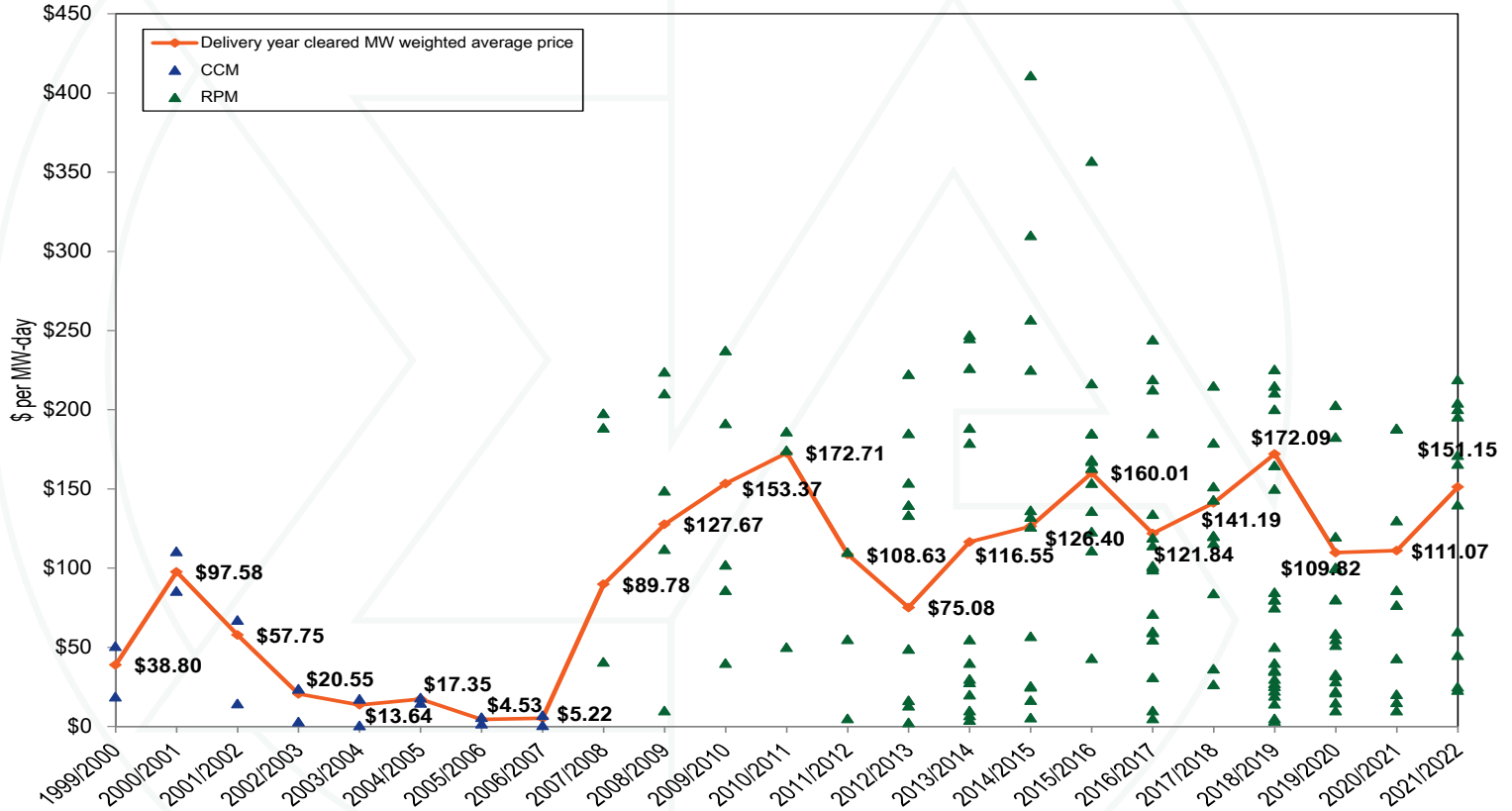
VRR curve impact on prices/quantities



Percent of installed capacity



Capacity prices: 1999/2000 through 2021/2022



Monitoring Analytics, LLC

2621 Van Buren Avenue

Suite 160

Eagleville, PA

19403

(610) 271-8050

MA@monitoringanalytics.com

www.MonitoringAnalytics.com

