

# Opportunity Cost Calculation

OC

04.14.2022

IMM



Monitoring Analytics

# Operating Agreement – Schedule 2 (Section 5)

- **Opportunity cost may be included in the cost based energy offer if one of the following conditions is applicable:**
  - **Operational limitations due to energy or environmental limitations imposed on the generating unit by Applicable Laws and Regulations**
  - **A generator has a limited number of starts or available run hours resulting from (i) the physical equipment limitations for the unit, for up to one year, due to original equipment manufacturer recommendations or insurance carrier restrictions, or (ii) a fuel supply limitation, for up to one year, resulting from Catastrophic Force Majeure**

# Requests for an opportunity cost calculation

- Requests for an opportunity cost calculation may be sent to the MMU at [MIRA@monitoringanalytics.com](mailto:MIRA@monitoringanalytics.com)
- Requests should include a description of the operational limitation and any relevant documentation (e.g. operating permit)
- The MMU will provide a data template for the submission of emissions and operating data
- The MMU will begin data validation and testing. This process includes substantial communication between the MMU and market participant or generator operator.

# Weekly opportunity cost calculations

- **The generator's opportunity cost adder will be available in MIRA**
- **Emissions history must be updated in MIRA at least one time per week**
- **Opportunity cost updates are available on Thursday or Friday for inclusion in energy offers beginning the next Monday**
- **More frequent calculations will be made upon request**

# IMM Opportunity Cost Calculator (OCC)

- **The OCC is described in Section 12.7 of PJM M-15**
- **The opportunity cost is determined as the difference between two forward looking net revenue calculations**
- **The first calculation determines the forward looking net revenue with the operational limitations in place as required by the relevant statute, permit, equipment limitation or fuel limitation**
- **The second calculation includes an additional restriction that reduces the hours of operation by at least one hour**

**Monitoring Analytics, LLC**

**2621 Van Buren Avenue**

**Suite 160**

**Eagleville, PA**

**19403**

**(610) 271-8050**

**[MA@monitoringanalytics.com](mailto:MA@monitoringanalytics.com)**

**[www.MonitoringAnalytics.com](http://www.MonitoringAnalytics.com)**

