

**From:** Carter Babbitt  
**To:** [Dennis Holt](#); [Michelle Herrman](#)  
**Subject:** FW: RTO vs EKPC capacity  
**Date:** Wednesday, December 13, 2017 12:57:51 PM  
**Attachments:** [image001.png](#)

**From:** Kochonies, Karen [mailto:Karen.Kochonies@morganstanley.com]  
**Sent:** Wednesday, December 13, 2017 11:20 AM  
**To:** Carter Babbitt; Tolstykh, Alex  
**Cc:** Lynne Travis; Asia Ellington  
**Subject:** RE: RTO vs EKPC capacity

Carter,

Here are examples to illustrate settlements where one example has capacity prices below the assumed contract price and one example has capacity prices above the assumed contract price. I changed the numbers slightly from your example because the CP Transition is over and should not impact future auctions. The examples show total dollars settled for the complete Planning Year, however settlements occur monthly during the actual Planning Year. The examples should illustrate that SKRECC will effectively pay the Contract price plus any difference between the Final Zonal Capacity Price and the BRA Resource Clearing Price, assuming the Daily UCAP Obligation is the same as the quantity in the MSCG-SKRECC hedge.

Please let me know if you have any questions.

Thanks,  
Karen

For settlement illustration purposes only; prices are fictitious								
Zonal Capacity Price breakdown								
Planning Year	BRA Resource Clearing Price-(CP)	BRA Resource Clearing Price (Base)	BRA Zonal Capacity Price	1st IA	2nd IA	CP Transition	3IA	Zonal Capacity Price (\$/MW-Day)
PY X	59.37		59.37	0.01	0.75	0	1.63	61.76
PY Y	140.00		139.81	0.78	1.62	0	1.43	143.64
<b>Assumptions</b>								
Daily UCAP Obligation =		68 MWs						
Contract Price between MSCG and SKRECC		[REDACTED] \$/MW Day						
Contract Quantity in MSCG/SKRECC Hedge		68						
Number of Days in Planning Year		365 Days						
PY X	SKRECC pays PJM	(=61.76*68*365)	[REDACTED]	\$/PY				
	SKRECC pays MSCG	(=(125-59.37)*68*365)	[REDACTED]	\$/PY				
	MSCG pays SKRECC		[REDACTED]	\$/PY				
	SKRECC Total Payment	(=1,532,883+1,628,937)	[REDACTED]	\$/PY				
	Effective Capacity Rate (=3,161820/(68*365))	[REDACTED]	[REDACTED]	\$/MW-day				
	Contract Price	[REDACTED]	[REDACTED]	\$/MW-day				
	Difference	[REDACTED]	[REDACTED]	\$/MW-day				
	Final Zonal Capacity Price - BRA RCP	[REDACTED]	[REDACTED]	\$/MW-day				
PY Y	SKRECC pays PJM	(=143.64*68*365)	3,565,145	\$/PY				
	SKRECC pays MSCG	[REDACTED]	[REDACTED]	\$/PY				
	MSCG pays SKRECC	[REDACTED]	[REDACTED]	\$/PY				
	SKRECC Total Payment	[REDACTED]	[REDACTED]	\$/PY				
	Effective Capacity Rate (=3,192,845/(68*365))	[REDACTED]	[REDACTED]	\$/MW-day				
	Contract Price	[REDACTED]	[REDACTED]	\$/MW-day				
	Difference	[REDACTED]	[REDACTED]	\$/MW-day				
	Final Zonal Capacity Price - BRA RCP	[REDACTED]	[REDACTED]	\$/MW-day				