

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

Electronic Application Of Kentucky Power	)	
Company For (1) A General Adjustment Of Its	)	
Rates For Electric Service; (2) An Order	)	
Approving Its 2017 Environmental Compliance	)	
Plan; (3) An Order Approving Its Tariffs And	)	Case No. 2017-00179
Riders; (4) An Order Approving Accounting	)	
Practices To Establish Regulatory Assets Or	)	
Liabilities; And (5) An Order Granting All Other	)	
Required Approvals And Relief	)	

Kentucky Power Company's Notice Of Filing Of  
"PJM Capacity Discussion For Delivery Year 2024/2025"

Kentucky Power Company files its "PJM Capacity Discussion For Delivery Year 2024/2025." The filing is being made in accordance with paragraph 19 of the January 18, 2018 Order of the Public Service Commission of Kentucky in this case.

Respectfully submitted,



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COUNSEL FOR KENTUCKY POWER  
COMPANY

# ***PJM Capacity Discussion Delivery Year 2024/2025***

**September 14, 2022**

## 2 Key Decisions

- ❑ **Decisions for Delivery Year (DY) 2024/2025 (June 1, 2024 – May 31, 2025)**
  - 1. Elect Fixed Resource Requirement (FRR) Option or fully participate in RPM (Reliability Pricing Model)
    - FRR termination deadline: October 07, 2022
    - FRR plan submission deadline: November 07, 2022
  - 2. Incremental offers of length, *TBD, if available*, into the Base Residual Auction (BRA), between December 7th and December 13th, at an agreed upon price
    - Update with latest position estimate will be provided prior to Auction to address latest fleet UCAP position

## ***FRR or RPM Election***

- ☐ **Financial Settlement Non-performance Charge Risk**
  - CP product charge rate: \$3,388/MWh, annual stop-loss at \$152,462/MW-Year (45 hours)
    - Example: 1,300 MW with 1 hour of non-performance is \$4.4 million (1,300 x \$3,388 x by 1 hour)
- ☐ **Physical Settlement Non-performance Charge Risk (available only to FRR entities)**
- ☐ **FRR allows the netting of resources**
  - Requires the election of physical settlement option
  - Over performance from one unit can offset underperformance from others
- ☐ **FRR allows sale of length into RPM**
  - Requires a 3% capacity hold back before selling into RPM
- ☐ **FRR Reserve margin significantly lower than effective RPM Reserve Margin**
  - ~15% vs 20%
- ☐ **FRR optimizes the value of the Power Coordination Agreement (PCA)**
  - Enhances the value of the PCA because members length act as a hedge for underperformance from other members due to the diversity of resources
- ☐ **Recommendation:**
  - OPCOs elect FRR for DY 2024/2025

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Are Redacted As Being Confidential In Their  
Entirety*