Gross Margin Composition – Nuclear, Peaking, and Wind

1. ENERGY / CAPACITY % SPLIT:
Using generic PJM price assumptions and operating characteristics, we can approximate contributions to Gross Margin from Energy and Capacity for a wind farm, a nuclear unit, and a steam peaking unit.

2. IMPACT OF +$5/MWh:
With the highest % of Gross Margin from energy, a +$5/MWh increase in bus energy prices disproportionately impacts Wind and Nuclear gross margin (+12-14%), while Peaking gross margin grows only ~1%

3. CAPACITY EQUIVALENT:
Finally, in order to replicate the Gross Margin impact from a +$5/MWh improvement in bus energy price, capacity prices would need to improve by +$334/MWd for Wind and +$112/MWd for Nuclear.

Investors consider the combination of expected energy and capacity revenues when making investment decisions. Well-functioning energy & capacity markets work together to ensure efficient, technology-neutral grid expansion.