

MOPR and Offer Cap Unit-Specific Review Comparison

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- **Unit-Specific Offer Caps**
 - Determined for **existing** units using the Net Avoidable Cost Rate (ACR) formula defined in Tariff, Attachment DD, section 6.8
 - The Net E&AS revenue offset used to determine Net ACR is prescribed in the Tariff as the **historical** simple average of net energy and ancillary service revenues from the three most recent calendar years
- **Unit-Specific MOPR Floor Prices**
 - Will now need to be determined for **new** units (Net CONE) and **existing** units (Net ACR), both of which require a Net E&AS revenue offset
 - Consistent with what has been allowed for new units in the past, PJM intends to allow for **forward-looking** Net E&AS revenues in determining both Net CONE and Net ACR floor prices

This may result in an **existing** unit's Net ACR determination for the MOPR floor price being **higher or lower** than the unit's Net ACR determination for the offer cap

- **Unit-Specific Offer Caps**

- The ACR formula in the Tariff includes an adjustment factor that has a 1.10 multiplier to provide a margin of error for understatement of costs
 - Adder is not applied to all components of the formula

- **Unit-Specific MOPR Floor Prices**

- PJM does **not** intend to include the 10% adder for Net ACR floor prices, as the margin of error for understatement of costs is more appropriate in an offer cap than an offer floor

This may result in an **existing** unit's Net ACR determination for the MOPR floor price being **lower** than the unit's Net ACR determination for the offer cap

- If the applicable MOPR floor price for a unit exceeds its offer cap, the seller will be required to offer at the MOPR floor price
- Examples

	<u>Scenario 1</u>	<u>Scenario 2</u>
MOPR Floor Price	\$230	\$275
Offer Cap	\$250	\$250
Allowable Offer Price Range	\$230 - \$250	\$275

Prices in \$/MW-day