

## 6.4 Market Seller Offer Caps

(a) The Market Seller Offer Cap, stated in dollars per MW/day of unforced capacity, applicable to price-quantity offers within the Base Offer Segment for an Existing Generation Capacity Resource shall be the Avoidable Cost Rate for such resource, plus the Capacity Performance Opportunity Cost (CPOC) for such resource, if applicable, and as determined in accordance with Tariff, Attachment DD, section 6.7(d), less the Projected PJM Market Revenues for such resource, stated in dollars per MW/day of unforced capacity. A Capacity Market Seller offering above \$0/MW-day must support and obtain approval of a unit-specific Market Seller Offer Cap pursuant to the procedures and standards of subsection (b) of this section 6.4 or may, at its election, if available, utilize a Market Seller Offer Cap determined using the applicable default gross Avoidable Cost Rate for the applicable resource type shown in the table below, as adjusted for Delivery Years subsequent to the 2022/2023 Delivery Year to reflect changes in avoidable costs, net of projected PJM market revenues equal to the resource's net energy and ancillary service revenues for the resource type, as determined in accordance with Tariff, Attachment DD, section 6.8(d) or (d-1), as applicable.

| Existing Resource Type        | Default Gross ACR (2022/2023) (\$/MW-day) (Nameplate) |
|-------------------------------|---|
| Nuclear – single              | \$697   |
| Nuclear – dual                | \$445   |
| Coal                          | \$80  |
| Combined Cycle                | \$56  |
| Combustion Turbine            | \$50  |
| Solar PV (fixed and tracking) | \$40  |
| Wind Onshore                  | \$83  |

The Market Seller Offer Cap for an Existing Generation Capacity Resource shall be the Opportunity Cost for such resource, if applicable, as determined in accordance with Tariff, Attachment DD, section 6.7. Nothing herein shall preclude any Capacity Market Seller and the Market Monitoring Unit from agreeing to, nor require either such entity to agree to, an alternative market seller offer cap determined on a mutually agreeable basis. Any such alternative offer cap shall be filed with the Commission for its approval. This provision is duplicated in Tariff, Attachment M-Appendix, section II.E.3.

(b) For each Existing Generation Capacity Resource, a potential Capacity Market Seller must provide to the Market Monitoring Unit and the Office of the Interconnection data and documentation required under section 6.7 below to establish the level of the Market Seller Offer Cap applicable to each resource by no later than one hundred twenty (120) days prior to the commencement of the offer period for the applicable RPM Auction. The Capacity Market Seller must promptly address any concerns identified by the Market Monitoring Unit regarding the data and documentation provided, review the Market Seller Offer Cap proposed by the Market Monitoring Unit, and attempt to reach agreement with the Market Monitoring Unit on the level

of the Market Seller Offer Cap by no later than ninety (90) days prior to the commencement of the offer period for the applicable RPM Auction. The Capacity Market Seller shall notify the Market Monitoring Unit in writing, with a copy to the Office of the Interconnection, whether an agreement with the Market Monitoring Unit has been reached or, if no agreement has been reached, specifying the level of Market Seller Offer Cap to which it commits by no later than ~~eighty (80) days prior to the commencement of the offer period for the applicable RPM Auction~~ five business days after receiving the Market Seller Offer Cap proposed by the Market Monitoring Unit. The Office of the Interconnection shall review the data submitted by the Capacity Market Seller, make a determination whether to accept or reject the requested unit-specific Market Seller Offer Cap, and if rejected, may calculate a unit-specific Market Seller Offer Cap based on the data provided by the Capacity Market Seller, and notify the Capacity Market Seller and the Market Monitoring Unit of its determination in writing, by no later than sixty-five (65) days prior to the commencement of the offer period for the applicable RPM Auction. In the event the Office of the Interconnection rejects the Capacity Market Seller's requested unit-specific Market Seller Offer Cap for a particular Capacity Resource, the Capacity Market Seller of such Capacity Resource may submit an offer up to (1) should one exist, the default gross Avoidable Cost Rate for the applicable resource type net of projected PJM market revenues equal to the resource's net energy and ancillary service revenues for the resource type, ~~or~~ (2) the unit-specific Market Seller Offer Cap proposed by the Market Monitoring Unit upon PJM approval of such value, or (3) an alternative unit-specific Market Seller Offer Cap that the Office of the Interconnection calculated and determined would be acceptable. If the Market Monitoring Unit does not provide its determination to the Capacity Market Seller and the Office of the Interconnection by the specified deadline, by no later than sixty-five (65) days prior to the commencement of the offer period for the applicable RPM Auction the Office of the Interconnection will make the determination of the level of the Market Seller Offer Cap, which shall be deemed to be final. If the Capacity Market Seller does not notify the Market Monitoring Unit and the Office of the Interconnection of the Market Seller Offer Cap it desires to utilize by no later than eighty (80) days prior to the commencement of the offer period for the applicable RPM Auction, it shall be required to utilize a Market Seller Offer Cap determined using the applicable default Avoidable Cost Rate specified in section 6.4(a) above.

(c) Nothing in this section precludes the Capacity Market Seller from filing a petition with FERC seeking a determination of whether the Sell Offer complies with the requirements of the Tariff.

(d) For any Third Incremental Auction for the 2018/2019 Delivery Year or any subsequent Delivery Year, the Market Seller Offer Cap for an Existing Generation Capacity Resource offering as a Capacity Performance Resource shall be determined pursuant to subsection (a) of this Section 6.4, or if elected by the Capacity Market Seller, shall be equal to 1.1 times the Capacity Resource Clearing Price in the Base Residual Auction for the relevant LDA and Delivery Year.

(e) Capacity Market Sellers that submit a unit-specific Market Seller Offer Cap by the deadline may request to use and provide support for a segmented offer cap to reflect incremental costs of having a capacity obligation across different segments of their unit. Such request must provide adequate justification for the use of a segmented offer cap with supporting documentation

and calculations for the Market Seller Offer Cap of each segment. Segmented Market Seller Offer Caps shall be comprised of multiple Market Seller Offer Caps, each calculated in accordance with Tariff, Attachment DD, section 6.8. If elected by the Capacity Market Seller, the first segment may have a Market Seller Offer Cap reflective of incremental expenses directly required to operate a Generation Capacity Resource that a Generation Owner would not incur if such generating unit were to mothball or retire, in accordance with Tariff, Attachment DD, section 6.8(b). All other offer segments (and, if elected by the Capacity Market Seller, the first segment) shall reflect incremental costs that would be avoided only in the absence of a capacity obligation, in accordance with Tariff, Attachment DD, section 6.8(b).