

## 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, less the Projected PJM Market Revenues for such resource, stated in dollars per MW/day of unforced capacity.

Notwithstanding, beginning with the 2026/2027 Delivery Year, the Market Seller Offer Cap shall be the greater of (a) Avoidable Cost Rate for such resource, less the Projected PJM Market Revenues for such resource, or (b) if applicable, the Capacity Performance Quantifiable Risk for such resource, as defined in Tariff, Attachment DD, section 6.8(a), to the extent such value has been supported and obtained approval pursuant to the requirements set forth in this Tariff, Attachment DD, section 6.4(b), 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 or 2026/2027 Delivery Year, as applicable, 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).

Existing Resource Type	Through the 2025/2026 Delivery Years: Default Gross ACR (2022/2023) (\$/MW-day) (Nameplate)	For the 2026/2027 Delivery Year and Subsequent Delivery Years: Default Gross ACR (2026/2027) (\$/MW-day) (Nameplate)
Nuclear – single	\$697	\$591
Nuclear – dual	\$445	\$537
Coal	\$80	\$94
Combined Cycle	\$56	\$113
Combustion Turbine	\$50	\$52
Steam Oil & Gas	NA	\$64
Solar PV (fixed and tracking)	\$40	\$70
Wind Onshore	\$83	\$147

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.

(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. 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 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. 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.

Notwithstanding the provisions of Tariff, Attachment M-Appendix, section II.E.2 and this Tariff, Attachment DD, section 6.4(b), no later than eighty (80) days prior to the commencement of the offer period for the auction, the Market Monitoring Unit and the relevant Capacity Market Seller may mutually agree on the value of such Market Seller Offer Cap. Nothing herein shall preclude the Market Monitoring Unit from modifying the Market Seller Offer Cap for a Generation Capacity Resource beyond the eighty-day (80-day) deadline prior to the commencement of the offer period for the auction, through the commencement of the offer period for the auction, so long as the Market Monitoring Unit and the relevant Capacity Market Seller mutually agree with the value of such Market Seller Offer Cap. The Capacity Market Seller shall notify the Market Monitoring Unit in writing, with a copy to the Office of the Interconnection, if such an agreement with the Market Monitoring Unit has been reached. The Office of the Interconnection shall review the Market Seller Offer Cap submitted by the Capacity Market Seller and make a determination whether the Market Seller Offer Cap complies with the tariff, and notify the Capacity Market Seller and the Market Monitoring Unit of its determination.

(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) Effective with the 2026/2027 Delivery Year, Capacity Market Sellers that request a resource-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 shall be submitted and reviewed in accordance with the timelines set forth in this Tariff, Attachment DD, section 6.4(b) and 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, sections 6.4(a) and 6.8. If elected by the Capacity Market Seller, the first segment shall have a Market Seller Offer Cap reflective of (1) the unit-specific Avoidable Cost Rate, less the Projected PJM Market Revenues for such resource or (2) a Capacity Performance Quantifiable Risk. All subsequent offer segments shall include only incremental Capacity Performance Quantifiable Risk to the extent such value has been supported and obtained approval pursuant to the requirements set forth in Tariff, Attachment DD, section 6.8.