

## Capacity Market Minimum Offer Price Rule (MOPR)

### Issue Source

The PJM Board issued a [letter](#) on April 6, 2021 in which the Board initiated the Critical Issue Path process delineated in Manual 34: PJM Stakeholder Process section 8.6.4.

### Issue Content<sup>1</sup>

The scope of work to be considered in this process is included in the Board's April 6 letter. Specifically, "the PJM Board request[ed] that the PJM stakeholder community advance this discussion to modify the MOPR via the Critical Issue Fast Path (CIFP) accelerated stakeholder process mechanism to try and achieve stakeholder consensus that would inform a PJM Board decision on a potential filing with FERC by late July."

The Board listed the following Guiding Principles<sup>2</sup> to guide this effort:

- Function to help support reliability
- Respect and accommodate state resource preferences and facilitate competitive, least-cost procurement of these policy choices
- Be flexible in design, thus ensuring the long-term viability of the market
- Embrace competitive principles and send appropriate price signals for efficient entry and exit
- Ensure appropriate mitigation of market power

In addition to these principles, and consistent with the Problem Statement, an objective of PJM's is to accommodate self-supply business models.

Background on this issue is available in the associated Problem Statement, as well as in the series of four Capacity Market Workshops held in February through March, 2021. Materials from those workshops are available on the [Market Implementation Committee](#) page of [pjm.com](#). Additional information is posted on the Critical Issue Fast Path – Minimum Offer Price Rule ([CIFP-MOPR](#)) page of [pjm.com](#).

### Key Work Activities and Scope

1. In addition to the Capacity Market Workshops, PJM will conduct at least two "pre-CIFP" meetings in which additional background information will be shared, as well as the following:
  - a. Results of a poll of stakeholders regarding Potential Topics and Approaches Rooted in History.
  - b. A draft Problem Statement and Issue Charge.
  - c. A draft Matrix comprising draft design components and status quo.
2. The following stages will be conducted in accordance with the requirements of Manual 34, section 8.6.4:
  - a. CIFP Stage 1: PJM will provide the final Problem Statement and issue Charge and Matrix, including considered options and preferred solution.
  - b. Stage 2 – Stakeholders will offer additional options to resolve design components in the matrix.
  - c. Stage 3 – Stakeholder will offer solution packages, and PJM will finalize its proposal.

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<sup>1</sup> In addition to this issue, it should be noted that the PJM stakeholder community will be asked to consider evaluation of a wide range of resource adequacy related issues expected to be captured in a separate Issue Charge.

<sup>2</sup> As noted, these principles are taken directly from the Board letter from April 6, 2021.

- d. Stage 4 – The Stage 4 meeting will be held to present the matrix and alternative proposals to members of the PJM Board of Managers in accordance with Manual 34 requirements.
- e. Members Committee meeting following the Stage 4 meeting for the purpose of voting on alternative proposals.

### Expected Deliverables

Expected deliverables include the following:

1. Problem Statement and Issue Charge<sup>3</sup>
2. Draft Matrix, including options considered and PJM's preferred solution.
3. Additional stakeholder design criteria options.
4. Additional stakeholder solution packages
5. Final PJM and stakeholder proposals.
6. Members Committee vote on all proposals.

### Decision-Making Method

This effort will be accomplished via the CIFP process in accordance with Manual 34, section 8.6.4. Following the Stage 4 meeting, a Members Committee meeting is expected to be convened for the purpose of voting on proposals developed via the CIFP (truncated voting will not apply). Ultimately a decision on a filing with the FERC will be made by the PJM Board. As it is expected that the entirety of this issue is to be contained in the PJM Open Access Transmission Tariff and Reliability Assurance Agreement, such filing is anticipated to be submitted pursuant to FPA section 205.

### Stakeholder Group Assignment

This issue will be evaluated and developed in special meetings designated as the [CIFP-MOPR](#).

### Expected Duration of Work Timeline

This issue was initiated by the PJM Board on April 6, 2021; the Board provided a goal of filing with the Federal Energy Regulatory Commission a proposal to address the Minimum Offer Price Rule in the second half of July 2021. To that end, the following work plan has been established.

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<sup>3</sup> Note that in accordance with Manual 34, the Problem Statement and Issue Charge are provided for information, not approval.

Work Plan	
<b>Pre-CIFP</b>	
Discussions	April 7 (2:30-4:30) April 9 (9:00-12:00)
Poll	April 9-16
Discussions (continued)	April 20 (8:00-11:00)
<b>Formal Process</b>	
<b>Stage 1:</b> PJM PS/IC & proposal	April 28 (9:00-4:00)
<b>Stage 2:</b> PJM and stakeholder development of the matrix (options)	May 10 (9:00-4:00) May 17 (9:00-4:00) May 26 (1:00-5:00)
<b>Stage 3:</b> PJM and stakeholders finalize proposals	June 7 (9:00-4:00) June 16 (9:00-4:00)
<b>Stage 4:</b> Final meeting MC Meeting (MC vote)	June 30 (9:00-1:00) June 30 (2:00-5:00)
Board review	
Feedback to members	
Filing	July 16

Start Date	Priority Level	Timing	Meeting Frequency
Click here to enter a date.	<input checked="" type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low	<input checked="" type="checkbox"/> Immediate <input type="checkbox"/> Near Term <input type="checkbox"/> Far Term	<input checked="" type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly

**Charter**

(check one box)

<input checked="" type="checkbox"/>	This document will serve as the Charter for a new group created by its approval.
<input type="checkbox"/>	This work will be handled in an existing group with its own Charter (and applicable amendments).

More detail available in [M34: PJM Stakeholder Process](#), Sections 6 and 8.6.4.