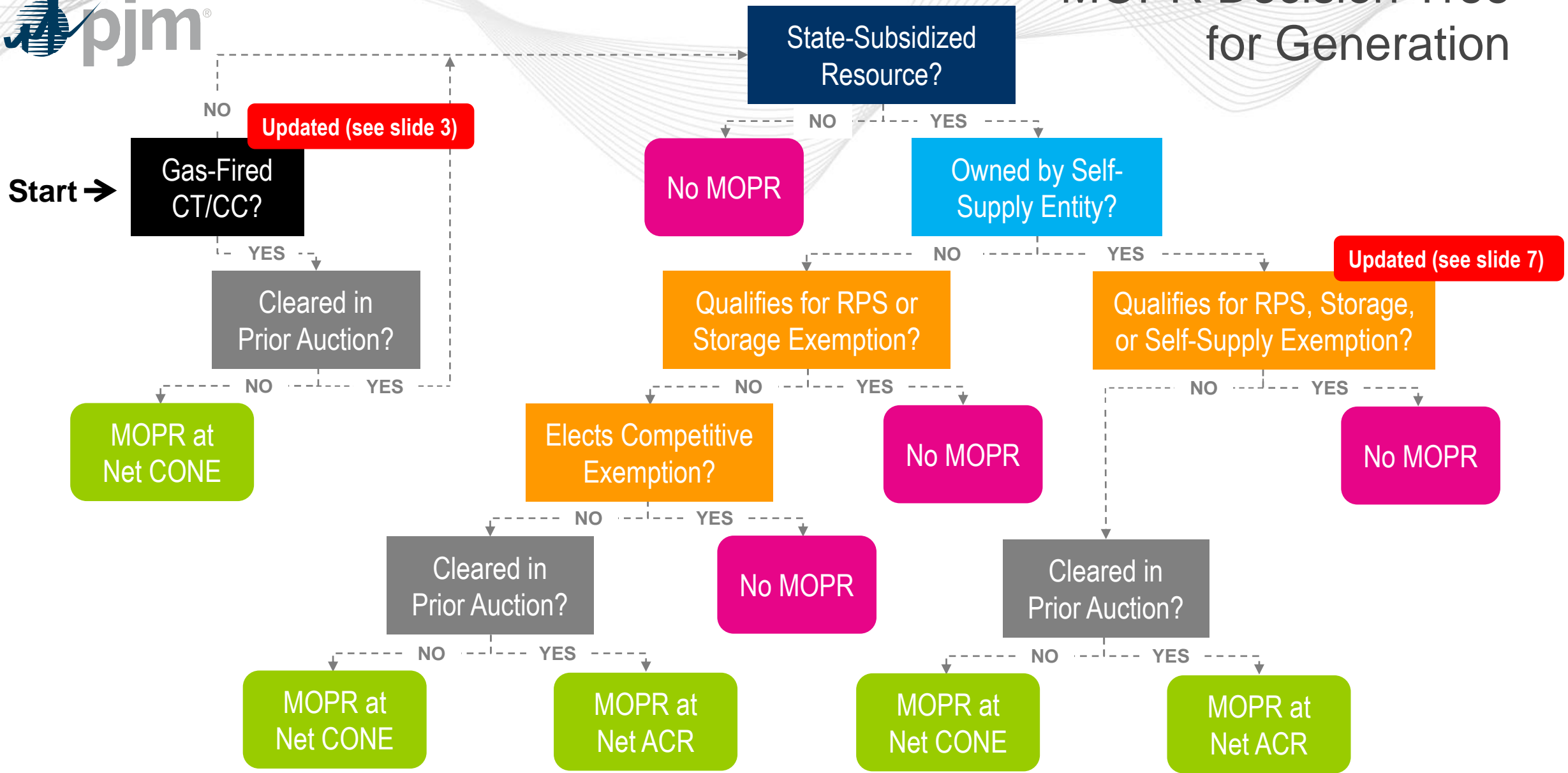
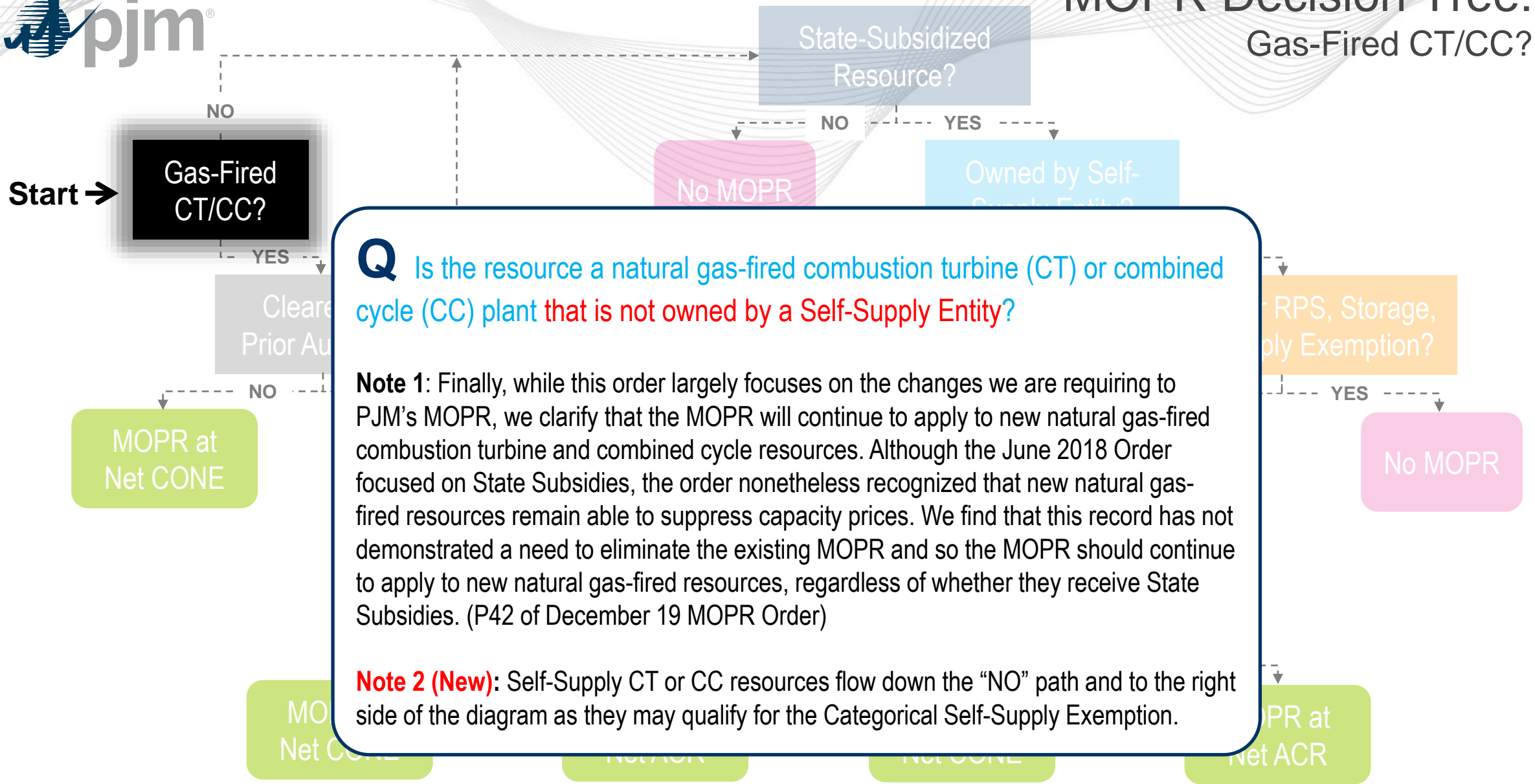




# MOPR Application Review

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Market Implementation Committee  
Feb. 19, 2020

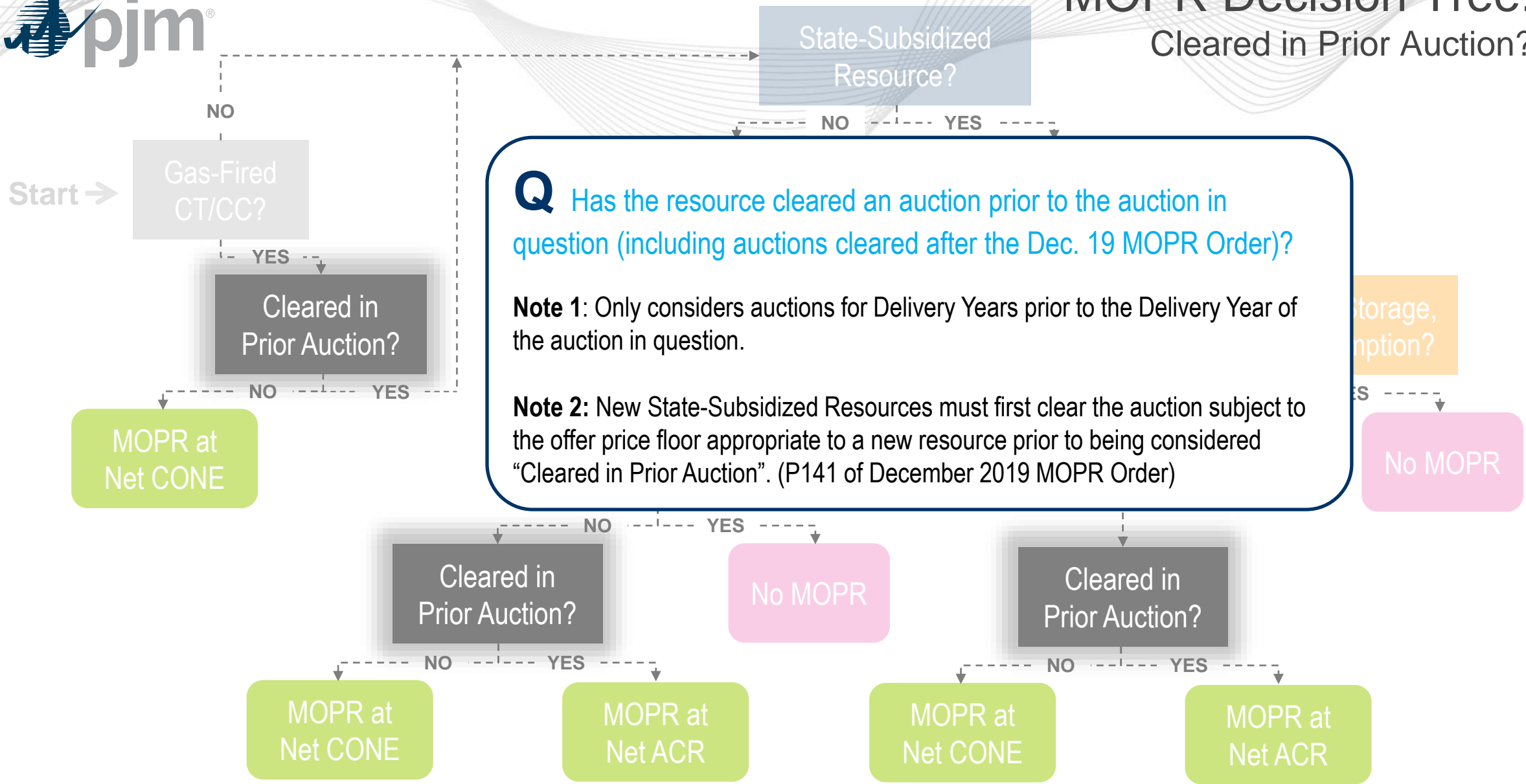




**Q** Is the resource a natural gas-fired combustion turbine (CT) or combined cycle (CC) plant that is not owned by a Self-Supply Entity?

**Note 1:** Finally, while this order largely focuses on the changes we are requiring to PJM’s MOPR, we clarify that the MOPR will continue to apply to new natural gas-fired combustion turbine and combined cycle resources. Although the June 2018 Order focused on State Subsidies, the order nonetheless recognized that new natural gas-fired resources remain able to suppress capacity prices. We find that this record has not demonstrated a need to eliminate the existing MOPR and so the MOPR should continue to apply to new natural gas-fired resources, regardless of whether they receive State Subsidies. (P42 of December 19 MOPR Order)

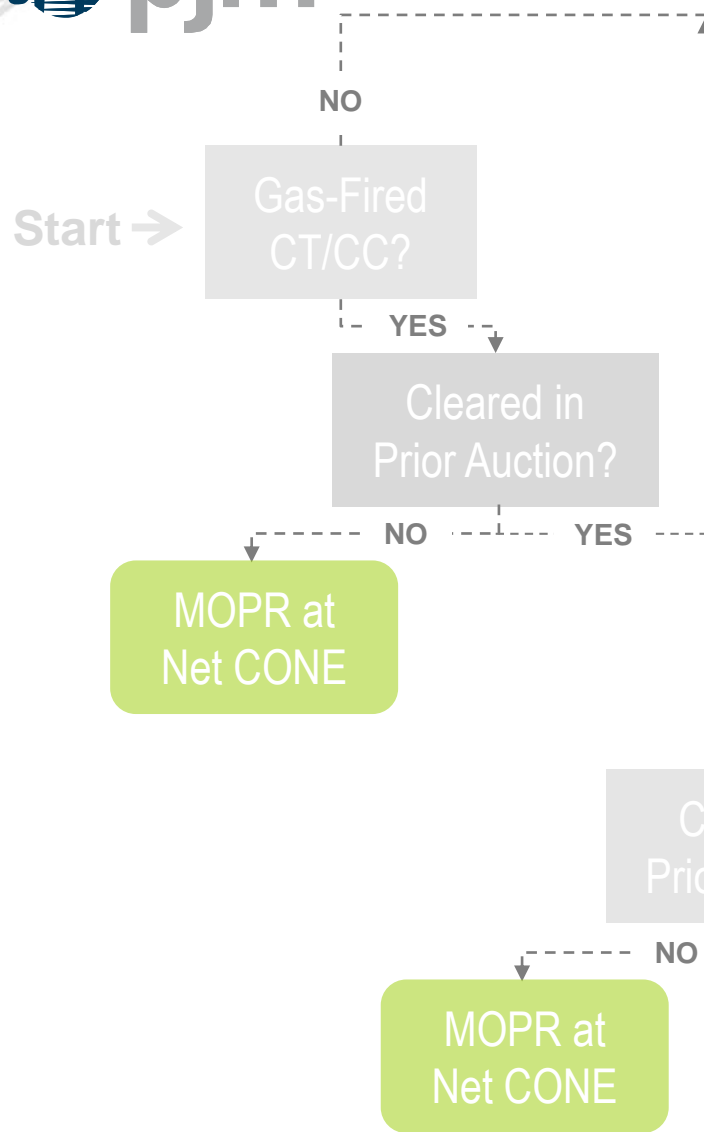
**Note 2 (New):** Self-Supply CT or CC resources flow down the “NO” path and to the right side of the diagram as they may qualify for the Categorical Self-Supply Exemption.



**Q** Has the resource cleared an auction prior to the auction in question (including auctions cleared after the Dec. 19 MOPR Order)?

**Note 1:** Only considers auctions for Delivery Years prior to the Delivery Year of the auction in question.

**Note 2:** New State-Subsidized Resources must first clear the auction subject to the offer price floor appropriate to a new resource prior to being considered "Cleared in Prior Auction". (P141 of December 2019 MOPR Order)



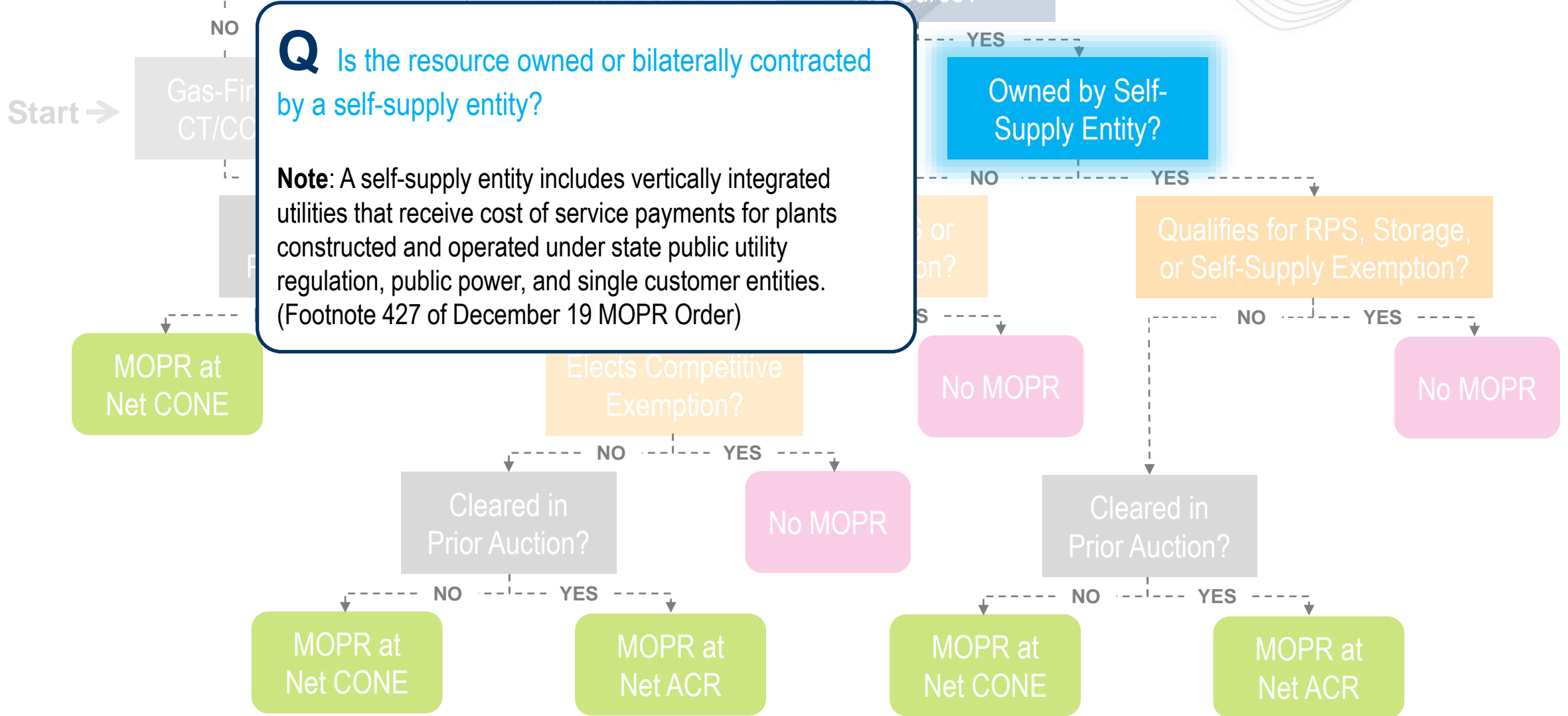
State-Subsidized Resource?

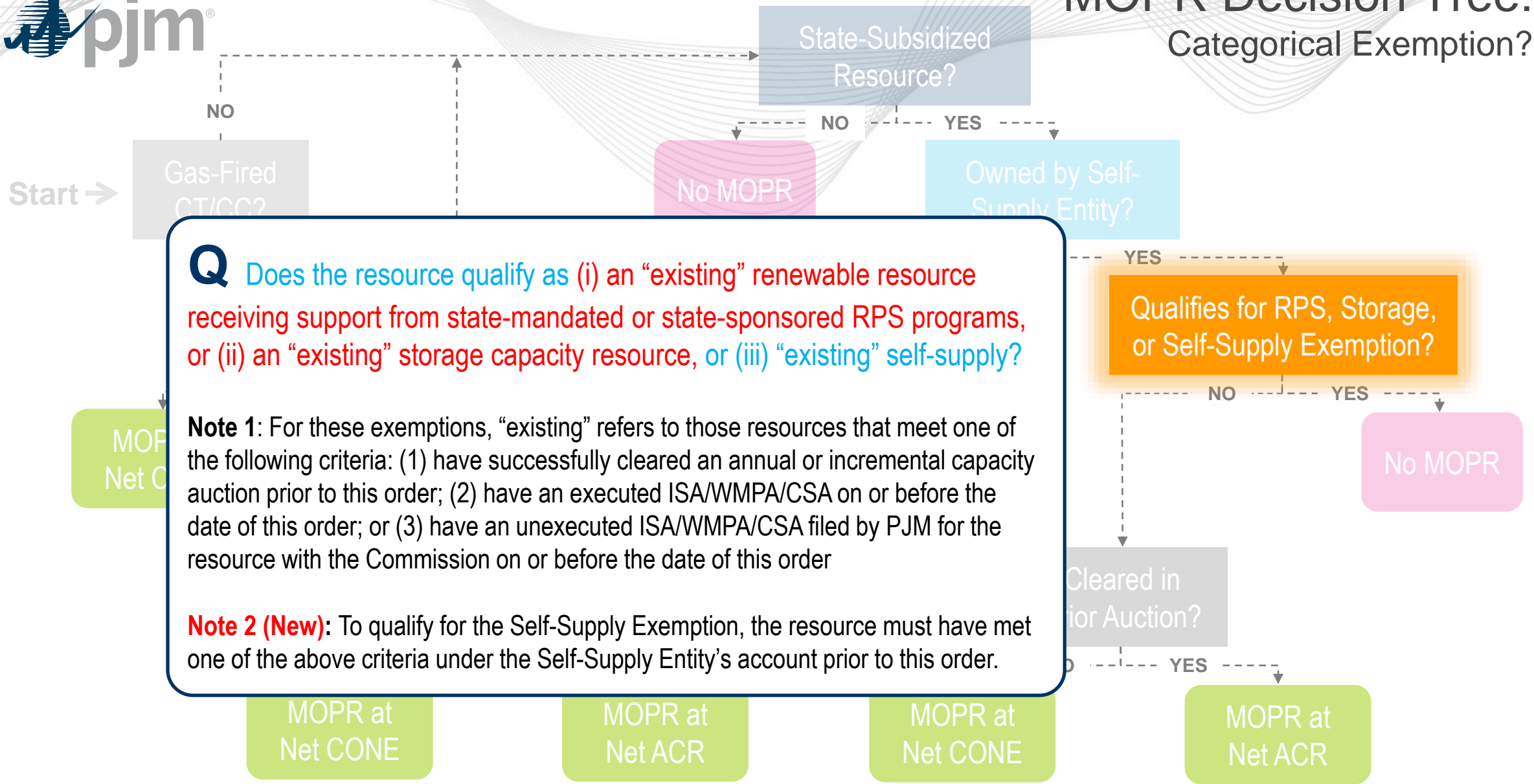
**Q** Is the resource entitled to receive a State Subsidy for the auction Delivery Year?

**Note:** A capacity resource is still considered to be entitled to receive a State Subsidy following the sunset of the subsidy if the resource previously received a State Subsidy, and has not cleared a capacity auction since that time. (P75 of December 19 MOPR Order)

**Definition of State Subsidy:**

A direct or indirect payment, concession, rebate, subsidy, non-bypassable consumer charge, or other financial benefit that is (1) a result of any action, mandated process, or sponsored process of a state government, a political subdivision or agency of a state, or an electric cooperative formed pursuant to state law, and that (2) is derived from or connected to the procurement of (a) electricity or electric generation capacity sold at wholesale in interstate commerce, or (b) an attribute of the generation process for electricity or electric generation capacity sold at wholesale in interstate commerce, or (3) will support the construction, development, or operation of a new or existing capacity resource, or (4) could have the effect of allowing a resource to clear in any PJM capacity auction.





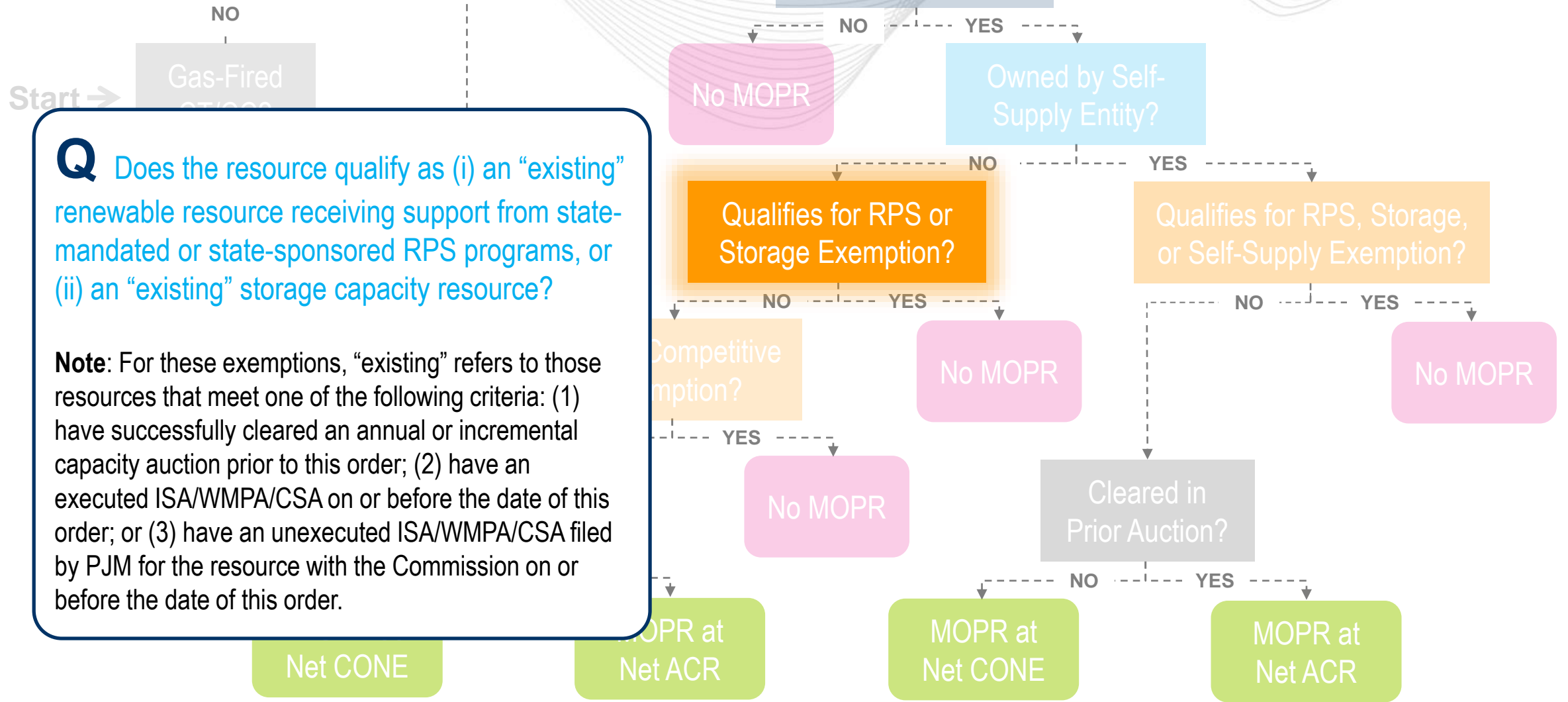
**Q** Does the resource qualify as (i) an “existing” renewable resource receiving support from state-mandated or state-sponsored RPS programs, or (ii) an “existing” storage capacity resource, or (iii) “existing” self-supply?

**Note 1:** For these exemptions, “existing” refers to those resources that meet one of the following criteria: (1) have successfully cleared an annual or incremental capacity auction prior to this order; (2) have an executed ISA/WMPA/CSA on or before the date of this order; or (3) have an unexecuted ISA/WMPA/CSA filed by PJM for the resource with the Commission on or before the date of this order

**Note 2 (New):** To qualify for the Self-Supply Exemption, the resource must have met one of the above criteria under the Self-Supply Entity’s account prior to this order.



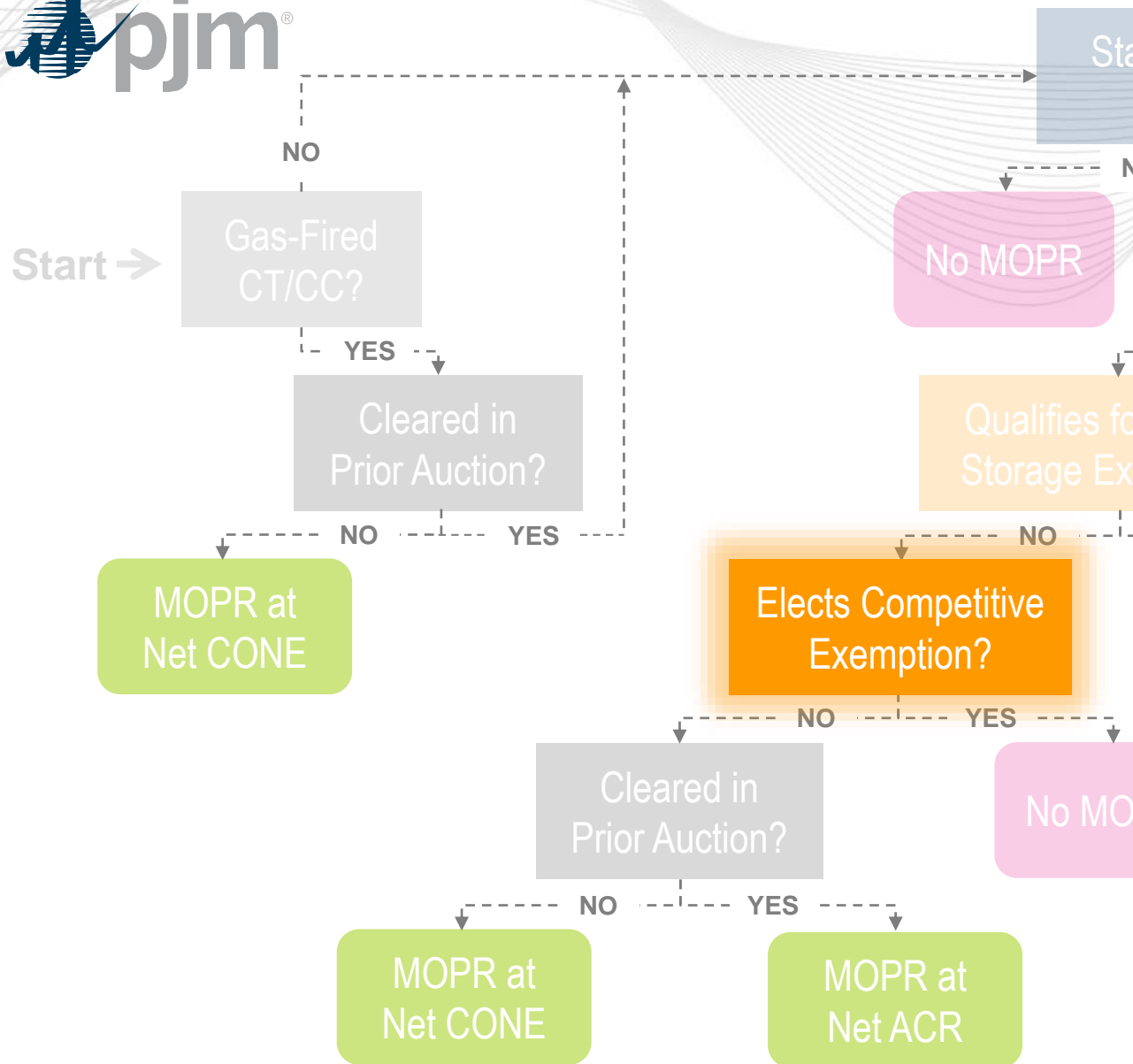
# MOPR Decision Tree: RPS or Storage Exemption?



**Q** Does the resource qualify as (i) an “existing” renewable resource receiving support from state-mandated or state-sponsored RPS programs, or (ii) an “existing” storage capacity resource?

**Note:** For these exemptions, “existing” refers to those resources that meet one of the following criteria: (1) have successfully cleared an annual or incremental capacity auction prior to this order; (2) have an executed ISA/WMPA/CSA on or before the date of this order; or (3) have an unexecuted ISA/WMPA/CSA filed by PJM for the resource with the Commission on or before the date of this order.

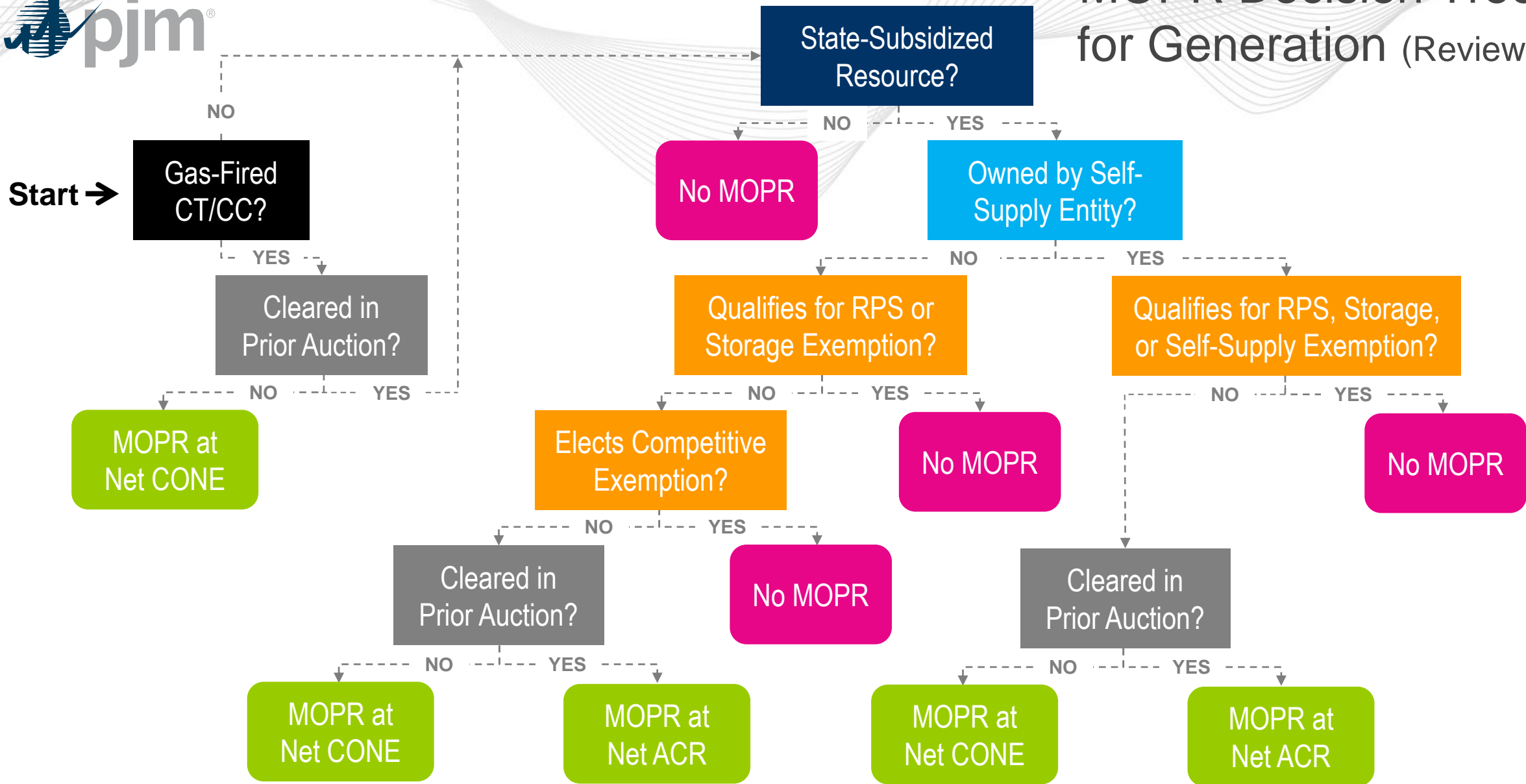




**Q** Does the market participant certify to forego any State Subsidies to which such resource is entitled?

**Note 1:** A resource that had its subsidy sunset, but meets the definition of State-Subsidized Resource because it has yet to clear an auction since receiving the subsidy, may not elect the Competitive Exemption.

**Note 2:** If an existing resource claims the Competitive Exemption in an auction for a Delivery Year, and subsequently elects to accept a State Subsidy for any part of that Delivery Year, then the resource may not receive capacity revenues for any part of that Delivery Year \*. If a new resource claims the Competitive Exemption in its first year, then subsequently elects to accept a State Subsidy, that resource may not participate in the capacity market from that point forward for a period of years equal to the applicable asset life that PJM used to set the default offer floor in the auction that the new asset first cleared. (P162 of December 19 MOPR Order)



- Market participants will need to certify whether or not a resource is a “State-Subsidized Resource” for all their units in the Capacity Exchange system
- PJM is considering a deadline of 120 days prior to the auction offer window for self-identification of “State-Subsidized Resources”
  - Consistent with unit-specific requests deadline
  - Provides reasonable time for PJM and the IMM to discuss any identification concerns with the participant, and ultimately file any disagreements with the Commission

- What resource(s) may be banned from the capacity market?
  - Any **new** resource that is not categorically exempt and either (a) certifies it is not a State-Subsidized Resource, or (b) certifies it is a State-Subsidized Resource but elects to forgo the State Subsidy by electing the Competitive Exemption, clears the auction, and subsequently accepts a State Subsidy
  - Subsequently accepts a State Subsidy includes prior to the first Delivery Year, during the first Delivery Year, or any time thereafter
- How long does the ban apply?
  - The ban is effective for the asset life of the resource (e.g. 20 years) starting from the point at which the market participant accepts the State Subsidy