

Energy Market Offer Cap Potential Consensus Framework

Special Markets & Reliability Committee
September 24, 2015

Background

- Polar Vortex and Winter 2014 Waivers
- 2014 Cap Review Senior Task Force
- Winter 2015 “temporary” Tariff and OA revisions
- July 2015 Liaison Committee Board remarks
- MC Webinar, MIC, MRC, Special MRC discussions
- Four proposals identified

Framework Foundation

- FERC NOPR in Docket RM15-24-000
- Potential consensus framework developed by four proposers
 - Driver - impending additional FERC guidance
 - Expected ultimate resolution in response to future FERC action in one to two years

Framework

- Incremental energy cost-based offers capped at \$2000/MWh and allowed to set price
- Costs in excess of \$2000/MWh recovered through make whole payments
 - Fuel Cost Policy
 - “Actual costs”
- Market-based offers for individual units allowed to rise with their cost-based offers
- No changes in the following:
 - 10% adder
 - Shortage penalty factors
 - Startup, no-load compensation