Minimum Offer Price Rule (MOPR)

Overview and Exemption Process
Agenda

• Applicability /Duration

• Types
  – Competitive Entry
  – Self-Supply
  – Unit Specific

• Exemption Request Process / Timeline
At the conclusion of this training you will be able to….

- Describe the objectives of MOPR
- Identify the resource types subject to MOPR
- Define the applicable MOPR sell offer floor price
- Explain the three types of MOPR exemptions
- Outline the MOPR exemption request process
Minimum Offer Price Rule (MOPR)

Applicability and Exemption Types
MOPR - Objectives

• Intended to prevent the exercise of buyer-side market power.

• Ensures that certain new resources and uprates are offered into RPM Auctions on a competitive basis.

• Imposes a minimum offer screening process to determine whether an offer from a new resource is competitive and prevents market participants from submitting uncompetitive, low new entry offers in RPM Auctions to artificially depress auction clearing prices.
• A MOPR Generation Screened Resource is any of the following:
  – New resources 20 MW or greater, based on a CT, CC, or IGCC technologies
  – Uprates of 20 MW or greater, based on a CT, CC, or IGCC technologies
  – Repowering of resources 20 MW or greater whenever the repowered plant is based on a CT, CC, or IGCC technologies
MOPR - Applicability

- MOPR does not apply to:
  - Nuclear, coal, wind, hydro, solar or landfill gas facilities
  - ICAP equivalent (measured at time of clearing), of any of a resource’s UCAP cleared in any auction prior to February 1, 2013
  - Uprates receiving an exception under the unit-specific process for an auction prior to the commencement of, and clearing in, the 2016/17 BRA
  - Cogeneration certified or self-certified as a Qualifying Facility (QF)
MOPR – Sell Offer Floor Price

• The MOPR Floor Offer Price is equal to 100% of the applicable Net Asset Class CONE.

• With a Competitive Entry or Self-Supply Exemption, a sell offer price below the MOPR Floor Offer Price, including an offer price of zero, may be specified.

• With a Unit Specific Exception, a sell offer price may be below the MOPR Floor Offer Price, but no lower than the Unit Specific minimum offer price determined through the exception process.
# MOPR – 2020/2021 BRA MOPR Floor Prices

**MOPR Floor Offer Prices for 2020/2021 BRA (UCAP Price $/MW-Day)**

CONE Area 1 includes the following Transmission Zones: AE, DPL, JCPL, PECO, PSEG, RECO

CONE Area 2 includes the following Transmission Zones: BGE, PEPCO

CONE Area 3 includes the following Transmission Zones: AEP, APS, ATSI, COMED, DAYTON, DEOK, DOMINION, DUQUESNE, EKPC.

CONE Area 4 includes the following Transmission Zones: METED, PENELEC, PPL.

<table>
<thead>
<tr>
<th>Resource Type</th>
<th>Cone Area 1</th>
<th>Cone Area 2</th>
<th>Cone Area 3</th>
<th>Cone Area 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combustion Turbine</td>
<td>$254.97</td>
<td>$178.33</td>
<td>$246.39</td>
<td>$139.60</td>
</tr>
<tr>
<td>Combined Cycle</td>
<td>$246.06</td>
<td>$136.12</td>
<td>$239.39</td>
<td>$135.85</td>
</tr>
<tr>
<td>Integrated Gasification</td>
<td>$1,335.23</td>
<td>$1,239.29</td>
<td>$1,306.27</td>
<td>$1,305.15</td>
</tr>
<tr>
<td>Combined Cycle</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MOPR Exemption Types – Competitive Entry

• Typically submitted by merchant entrants
• Must demonstrate that funding for the project is being raised through debt and equity and that there are no state subsidies or cost of service rates associated with the project
• Exemption allows for a sell offer price below the MOPR Floor Offer Price, including an offer price of zero
• Officer Certification

Reference: OATT Attachment DD Section 5.14 (h)(7)
MOPR Exemption Types - Self-Supply

• Typically submitted by Vertically Integrated Utility, Self-Supply LSE, Municipal/Cooperative Entity

• Must demonstrate that the Self Supply LSE’s Owned and Contracted Capacity as compared to its Estimated Capacity Obligation, does not exceed the applicable net long / net short limits

• Exemption allows for a sell offer price below the MOPR Floor Offer Price, including an offer price of zero

• Officer Certification

Reference: OATT Attachment DD Section 5.14 (h)(6)
MOPR Exemption Types – Unit Specific

• May be submitted in addition to, or in lieu of, a request for a Self-Supply Exemption or a Competitive Entry Exemption

• Must provide documentation to support the fixed development, construction, operation, and maintenance costs of the MOPR Screened Generation Resource, as well as estimates of offsetting net revenues.

• If approved, results in a unit-specific floor price for the resource

• Officer Certification

Reference: OATT Attachment DD Section 5.14 (h)(8)
Minimum Offer Price Rule (MOPR)

Request Process and Timeline
Exemption Request Process

- Minimum Offer Price Rule (MOPR) Exception Requests
  - Requests are sent to PJM and Market Monitor
  - Auction specific
  - Competitive Entry, Self-Supply, Unit-Specific
  - Absent approved exception, MOPR floor price is Net Asset Class Cost of New Entry (CONE)
  - Approved Self-Supply or Competitive Entry exception removes floor price requirement
  - Approved unit specific exemption establishes defined floor price
# Exemption Request Timeline

- Minimum Offer Price Rule (MOPR) Exception Requests

<table>
<thead>
<tr>
<th>Activity</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>PJM posts preliminary MOPR screen prices</td>
<td>150 days prior to auction</td>
</tr>
<tr>
<td>Capacity Market Sellers submit MOPR exemption request</td>
<td>135 days prior to auction</td>
</tr>
<tr>
<td>IMM provides determination on MOPR exemption request</td>
<td>45 days following request</td>
</tr>
<tr>
<td>PJM provides determination on MOPR exemption request</td>
<td>65 days following request</td>
</tr>
<tr>
<td>Participant commits to MOPR price to be used (Unit Specific Request Only)</td>
<td>5 days following PJM determination</td>
</tr>
</tbody>
</table>

Reference: OATT Attachment DD Section 5.14 (h)(9)
Questions?