

Minimum Offer Price Rule (MOPR)

Overview and Exemption Process

Agenda



- Applicability /Duration
- Types
 - Competitive Entry
 - Self-Supply
 - Unit Specific
- Exemption Request Process / Timeline

Objectives



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.

MOPR - Applicability

- A MOPR Generation Screened Resource is any of the following:
 - New resources 20 MW or greater, based on a CT, CC, or IGCC technologies
 - Upgrades 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.

Resource Type	Cone Area 1	Cone Area 2	Cone Area 3	Cone Area 4
Combustion Turbine	\$254.97	\$178.33	\$246.39	\$139.60
Combined Cycle	\$246.06	\$136.12	\$239.39	\$135.85
Integrated Gasification Combined Cycle	\$1,335.23	\$1,239.29	\$1,306.27	\$1,305.15

Source: <http://www.pjm.com/-/media/markets-ops/rpm/rpm-auction-info/2020-2021-final-mopr-floor-offer-prices.ashx?la=en>

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

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

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

Questions?