



CONE Triennial Review

On November 21, 2012, PJM filed and on January 31, 2013 the FERC accepted an Offer of Settlement and Settlement Agreement on behalf of itself and numerous other settling parties in FERC Docket No. ER12-513-000. The settlement resolved the Cost of New Entry (CONE) levels on a prospective basis, beginning with the May 2013 RPM Base Residual Auction, for use in connection with both the Variable Resource Requirement (VRR) Curve and the Minimum Offer Price Rule (MOPR). The terms of the settlement require that a stakeholder process be conducted as follows:

“PJM shall conduct a stakeholder process to identify any desired changes in the CONE triennial review process in light of lessons learned from the most recent triennial review process, including (but not limited to) an assessment of the current effective Tariff’s Handy-Whitman Index adjustment method for Gross CONE, with a PJM filing of any resulting tariff changes with FERC in sufficient time to govern the 2014 triennial review, or the filing of a status report at such time if there is no stakeholder consensus on such changes.”

The specific areas that should be addressed in this stakeholder process are include, but are not limited to:

- Assessment of the current effective Tariff’s Handy-Whitman Index adjustment method for Gross CONE
- Assessment of any other desired changes in the CONE review process such as the use of forward looking Energy and Ancillary Service Offset in the determination of Net CONE, timing of the Triennial Review process, or changes in the determination of other input parameters that govern the determination of Gross CONE.