

Proposed MOPR Summary

1. **Application.** These MOPR rules shall apply to all new Gas-Fired Generation in the RTO (“MOPR Screened Generation”), unless such generation obtains a Competitive Entry Exemption or Self-Supply Exemption in accordance with the exemption processes set forth herein. New Gas-Fired Generation shall mean any combined cycle, combustion turbine or integrated gasification combined cycle generation with a combined nameplate generating capacity addition of 20 MWs or more at a single point of interconnection that has not cleared in either a RPM BRA or incremental auction whether located inside or outside of the PJM Region, but shall exclude (i) units primarily fueled with landfill gas; (ii) cogeneration units that are certified or self-certified as a Qualifying Facility, where the owner is the beneficial off-taker of the steam, electrical energy, and capacity from the unit, where the unit is no larger than the peak consumption of the host load, and the host utilizes all of the generation capacity from the unit; and (iii) units located outside the PJM Region that do not require sufficient transmission investment for delivery to the PJM Region to indicate a long-term commitment to providing capacity to the PJM Region.¹

2. **Competitive Entry Exemption and Self-Supply Exemption Request and Review Process.**
 - a. **Process to Request a Competitive Entry Exemption or Self-Supply Exemption.** All requests for a Competitive Entry Exemption or a Self-Supply Exemption must be submitted in writing simultaneously to the Independent Market Monitor (“IMM”) and the Office of Interconnection (“PJM”) by a Capacity Market Seller no later than 135 days prior to the commencement of the offer period capacity auction in which it seeks to submit its Sell Offer. The Capacity Market Seller shall include in its request a description of its proposed resource, the specific exemption that the Capacity Market Seller is claiming, and all documentation necessary to demonstrate that the exemption criteria are satisfied, together with a supporting officer Certification. The Capacity Market Seller shall provide any additional information reasonably requested by the IMM or PJM in connection with the exemption request.

 - b. **Exemption Review.** A requested exemption shall be rejected if the Capacity Market Seller fails to satisfy either: (1) the filing process in any material way or (2) the criteria for the exemption sought. The IMM shall review the information and documentation in support of the request if received no later than one hundred thirty-five (135) days prior to the commencement of the offer period for the relevant RPM Auction. The IMM shall provide its written finding whether it believes the requested

¹ Seek to preserve existing treatment under PJM OATT (8/6/2012) Attachment DD Section 5.14.h.4.ii, as accepted by FERC in its order on compliance filing, 140 FERC ¶ 61,123 (2012), for a Generation Capacity Resource located outside the PJM Region.

exemption should be granted in accordance with the standards and criteria under the Tariff simultaneously to the Capacity Market Seller and PJM no later than forty-five (45) days after receipt of the exemption request. The Office of the Interconnection shall also review all exemption requests to determine whether the request is acceptable in accordance with the standards and criteria under the Tariff and shall provide its determination in writing to the Capacity Market Seller, with a copy to the Market Monitoring Unit, by no later than sixty-five (65) days after receipt of the exemption request. If no such written findings are provided by the Office of the Interconnection by the indicated deadline, the exemption request shall be deemed granted. The Capacity Market Seller may challenge any rejection of its exemption request at the FERC.

- c. **Posting of Data.** PJM shall post 60 days prior to commencement of the offer period for the RPM auction the total MW requested and approved in the Self-Supply and Competitive Entry exemption categories at the RTO level. Upon RPM auction clearing concurrent with the post-auction report, PJM shall post: the total MW requested and approved in the Self-Supply and Competitive Entry exemption categories in EMAAC, MAAC and Rest of RTO LDAs /regions; and the amount of MW cleared in the RPM auction for Self-Supply and Competitive Entry exemption categories. Upon RPM auction clearing concurrent with the post-auction report, PJM shall additionally post the MW requested and approved for additional LDAs if both the following criteria are met for the LDA: the LDA has more than 4 new generation projects in the generation interconnection queue that could have offered into the applicable RPM auction and the LDA had a separate VRR curve posted for the applicable RPM auction.
- d. **Requirement To Identify and Report to the Commission.** In the event that the IMM reasonably believes that a request for a Competitive Entry Exemption or a Self-Supply Exemption that has been granted contains fraudulent or material misrepresentations or fraudulent or material omissions so that the Capacity Market Seller would not have been eligible for the exemption for that resource had the request not contained such misrepresentations or omissions, then the IMM shall notify PJM of its findings and provide PJM with all of the data and documentation to support its findings. In the event that PJM reasonably believes that a request for a Competitive Entry Exemption or a Self-Supply Exemption that has been granted contains fraudulent or material misrepresentations or fraudulent or material omissions so that the Capacity Market Seller would not have been eligible for the exemption for that resource had the request not contained such misrepresentations or omissions, then PJM shall (i) revoke the exemption if such resource has not cleared in any RPM auction and the revocation occurs no later than 30 days prior to the

commencement of the offer period for the capacity auction; and (ii) make any necessary filings with FERC. In any such filings, the requested remedies shall include (i) revocation of the exemption if such resource has not cleared in any RPM auction and the filing is made no later than 5 days prior to the commencement of the offer period for the capacity auction, or, in the event that the resource has cleared an RPM auction and the filing is made no later than 2 years after the close of the offer period for the capacity auction, (ii) suspension of any payments, during the pendency of the FERC proceeding, to the Capacity Market Seller for the resource that cleared in any RPM auction relying on such exemption during the pendency of the FERC proceeding and (iii) suspension of the Capacity Market Seller's exemption for that resource for future auctions. Prior to any automatic revocation or submission to FERC, PJM and/or the IMM shall notify the affected Capacity Market Seller and, to the extent practicable, provide the Capacity Market Seller an opportunity to explain the alleged misrepresentation or omission. Any such filing shall seek fast track treatment and neither the name nor any identifying characteristics of the Capacity Market Seller or the resource shall be publicly revealed, but otherwise the filing shall be public. The Capacity Market Seller may apply for a new exemption for that resource for subsequent auctions including auctions held during the pendency of the FERC proceeding. In the event that the Capacity Market Seller is cleared by FERC from such allegations of misrepresentations or omissions then the exemption shall be restored. Such requested remedy is not to be exclusive of other remedies and penalties that may be pursued against the Capacity Market Seller.

3. **Exemptions.** MOPR Screened Generation that receives a Competitive Entry Exemption or a Self-Supply Exemption will not be subject to a MOPR Floor Offer Price and, in addition to other offer levels, can elect to offer as a price taker (i.e. at \$0 and be awarded or committed regardless of clearing price). After clearing an RPM auction, any such exempted MOPR Screened Generation will be treated as Existing Generation in all subsequent RPM auctions, except as provided for in 2d above.

- a. **Self-Supply Exemption.** This exemption can be utilized by any “Self-Supply LSE” (defined below) where the Self-Supply LSE meets the following criteria:
 - i. The Self-Supply LSE utilizes the following types of cost and revenue sources: (1) payments, concessions, rebates, subsidies or incentives or participation in a program, contract or other arrangements, which utilize criteria designed to incentivize or promote general industrial development in an area; (2) payments, concessions, rebates, subsidies or incentives or participation in a program, contract or other arrangements from a local governmental authority, which utilize eligibility or selection criteria designed to incentivize siting facilities in that county or locality versus another county or locality; (3)

payments to the Self-Supply LSE for such MOPR Screened Generation facility recovered in its regulated rates where the Self-Supply LSE is an investor owned utility and the MOPR Screened Generation is planned consistent with its integrated resource plan to meet the needs of its customers; and (4) payments to the Self-Supply LSE (such as retail rate recovery) traditionally associated with revenues and costs of Public Power Entities (or joint action of multiple public power entities); revenues to a Public Power Entity from its long-term contracts with its members or customers (e.g., wholesale power contracts between an electric cooperative and its members); or cost and revenue differences related to a longstanding business model employed by the Self-Supply LSE, such as its financial condition, tax status, access to capital, or other similar conditions affecting the Self-Supply LSE's costs and revenues. Provided, however, that the Self-Supply LSE, either as the Capacity Market Seller or on behalf of the Capacity Market Seller, does not have any formal or informal agreements or arrangements to seek, recover, accept or receive any (a) material payments, concessions, rebates, or subsidies, connected to the construction or clearing in RPM of the new generation facility, not described by (1) through (4) of this section; or (b) other support through long-term contracts obtained in any procurement process sponsored or mandated by any State legislature or agency connected with the construction or clearing in RPM of the new generation facility. Any cost and revenue differences, described by (1) through (4) of this section, that are material to the costs of the new generation and are: (1) irregular or anomalous, (2) do not reflect arms-length transactions, or (3) not in the ordinary course of the Self-Supply LSE's business, shall be demonstrated by the Self-Supply LSE to be consistent with the overall objectives of this section 3.a.

ii. To qualify for the Self-Supply Entry exemption, the Self-Supply LSE, either as the Capacity Market Seller or on behalf of the Capacity Market Seller, must demonstrate that the MOPR Screened Generation meets the definition of "Owned and Contracted Capacity" (defined below) and meets the criteria outlined in this provision below after the addition of such MOPR Screened Generation:

(a) *Maximum Net Short Position:* If the Self-Supply LSE is Net Short and the Self-Supply LSE's Net Short position is less than the amount of the Self-Supply LSE's PJM Reliability Requirement as specified in the table below based on the type of Self-Supply LSE entity, then this exemption criterion is satisfied. Any Self-Supply LSE as shown in

the table below is evaluated for the RTO and additionally for the static LDA, to the extent explicitly stated in the table below, in which the MOPR Screened Generation is nested to the extent the Self-Supply LSE has a PJM Reliability Requirement in such area. If the Self-Supply LSE does not have a PJM Reliability Requirement in an evaluated area, then the Self-Supply LSE satisfies the test at that level.

Self-Supply LSE	Maximum Net Short Position (MW UCAP, measured at RTO, MAAC, SWMAAC and EMAAC unless otherwise specified)
Single Customer Entity	150 MW
Public Power Entity	1000 MW
Multi-state Public Power Entity*	1000 MW in SWMAAC, EMAAC, or MAAC LDAs and 1800 MW RTO
Vertically Integrated Utility	20% of LSE's Reliability Requirement

*A Multi-state Public Power Entity shall not have more than 90% of its total load in any one state.

(b) *Maximum Net Long Position:* If the Self-Supply LSE is Net Long, the Self-Supply LSE's overall Net Long position measured ONLY on a PJM consolidated basis is less than the following thresholds:

Self-Supply LSE Total RTO Reliability Requirement (MW, UCAP)	Maximum Net Long Position (MW, UCAP)
Less than 500	75 MW
Greater than or equal to 500 and less than 5,000	15% of LSE's Reliability Requirement
Greater than or equal to 5,000 and less than 15,000	750 MW
Greater than or equal to 15,000 and less than 25,000	1,000 MW
Greater than or equal to 25,000	4% of LSE's Reliability Requirement capped at 1300 MWs

If the subject MOPR Screened Generation causes the Self-Supply LSE's Net Long Position to exceed this threshold, the MOPR Floor would apply only to the portion of such generation exceeding the threshold for the Delivery Year in which the threshold is exceeded. Any such MOPR Screened Generation subject to the MOPR Floor that clears in the RPM auction shall be exempted from future application of the MOPR and then

be treated as Existing Generation in all subsequent RPM auctions, except as provided in 2d above and in accordance with section 5 hereof. Any un-cleared MOPR Screened Generation can be exempted as Self-Supply Entry in future RPM auctions to the extent the Self-Supply LSE's future load growth accommodates the resource under the Net Long criteria.

(c) Definitions and Measurement Provisions:

- i. "Self-Supply LSE" means any load serving entity that procures or builds capacity under long-standing business models: Public Power Entities defined as cooperative and municipal utilities, including power supply entities comprised of either or both of the same, and joint action agencies; Single Customer Entities; and Vertically Integrated Utilities defined as utilities that build generation included in their regulated rates and on which a regulated return is earned.
- ii. "Single Customer Entities" means LSEs that serve only retail customers that are Affiliates (Affiliate shall mean an entity of which 51% or more of the voting securities or interests are under common control with the LSE) of the LSE.
- iii. All calculations shall be done on an unforced capacity ("UCAP") basis.
- iv. Timing: Reliability Requirements and "Owned and Contracted Capacity" are each to be measured on a three-year average basis for the three years starting with the delivery date of the RPM auction for which the exemption is being sought ("MOPR Exemption Measurement Period"). Such measurements are to be verified by PJM using PJM data, to the extent such data are available.
- v. Reliability Requirements: The Self-Supply LSE's Reliability Requirement shall include projected load growth and be converted to UCAP. The Self-Supply LSE's Reliability Requirements for the MOPR Exemption Measurement Period shall be calculated based on: the LSE's current Delivery Year load ratio share of zonal Reliability Requirement, which shall remain constant for the 3-year qualifying calculation; zonal Reliability Requirements for the MOPR Exemption Measurement Period based on the PJM load forecast applicable for RPM that is most current at the time of the Self-Supply Entry exemption request; and the Forecast Pool Requirement

for the upcoming BRA Delivery Year, which shall remain constant for the 3-year qualifying calculation. Once submitted, an exemption request is not subject to adverse impacts due to subsequent PJM load forecasts. Reliability Requirements shall be limited to firm obligations to serve specific identifiable customers or groups of customers including native load obligations and specific load obligations in effective contracts for which the term of the contract includes at least a portion of the delivery year of the RPM auction for which the exemption is being sought. Reliability Requirements shall not include load that is speculative or load obligations that are not native load or customer specific. The Self-Supply LSE's Reliability Requirements shall also include the Reliability Requirements associated with all retail loads of entities which directly (as through charges on a retail electric bill) or indirectly, contribute to the cost recovery of the MOPR Screened Generation; provided, however, where a MOPR Screened Generation resources is jointly owned, this shall not require the aggregation of load of the multiple owners whose Reliability Requirement is being considered separately for purposes of the Self-Supply Exemption.

- vi. "Owned and Contracted Capacity" includes all of the Self-Supply LSE's PJM RPM qualified capacity resources, whether internal or external to PJM. For purposes of the Self-Supply Exemption, the Competitive and Non-Discriminatory procurement standard in the Competitive Entry Exemption shall not apply. To qualify for a Self-Supply Entry exemption, the subject MOPR Screened Generation must be used by the Self-Supply LSE, meaning such Self-Supply LSE is the beneficial off-taker of such generation such that the owned or contracted for MOPR Screened Generation is for the Self-Supply LSE's use to supply its customer(s). Position Definitions: a "Net Short" position is the amount by which the Self-Supply LSE's Reliability Requirement may exceed its Owned and Contracted Capacity; a "Net Long" position is the amount by which the Self-Supply LSE's Owned and Contracted Capacity exceeds the Reliability Requirement.
- vii. Aggregation: if multiple entities will have an ownership or contractual share in the MOPR Screened Generation or are otherwise sponsoring such generation, the positions will be

measured and considered for a Self-Supply Entry exemption with respect to the individual Self-Supply LSE's ownership or contractual share of such generation.

- iii. As part of the Exemption Request, the Self-Supply LSE, either as the Capacity Market Seller or on behalf of the Capacity Market Seller, must submit a certification of a duly authorized officer, certifying that, to the best of his/her knowledge, (1) the information supplied to the IMM and PJM in support of its Exemption Request is true and correct and the MOPR Screened Generation will be Owned and Contracted Capacity for the purpose of self-supply for the Self-Supply LSE; (2) the Self-Supply LSE has disclosed all material facts relevant to the Exemption Request; and (3) that the Capacity Market Seller satisfies the criteria for the exemption. The Self-Supply LSE shall have an ongoing obligation through the closing of the RPM auction bidding window to update the Exemption Request to reflect any material changes in the Exemption Request.
- b. **Competitive Entry Exemption.** To qualify for the Competitive Entry exemption, the Capacity Market Seller must demonstrate that the MOPR Screened Generation is being developed for the purposes of Competitive Entry consistent with all of the following criteria:
- i. No costs are recovered from customers either directly or indirectly through a non-bypassable charge linked to the construction of or clearing of the new generation in RPM.
 - ii. No costs of the new generation are supported through long-term contracts obtained in any state-sponsored or state-mandated procurement processes that are not Competitive and Non-Discriminatory. A procurement process may be deemed "Competitive and Non-Discriminatory" only if: (a) both new and existing resources may satisfy the requirements of the procurement; (b) the requirements of the procurement are fully objective and transparent; (c) it does not restrict the type of capacity resources that could participate in and satisfy the requirements of the procurement; (d) it does not include selection criteria that could give preference to new resources; and (e) it does not use indirect ways to discriminate against existing capacity, such as geographic constraints inconsistent with LDA import capabilities, unit technology or unit fuel requirements or unit heat-rate requirements, or identity or nature of seller or requirements for new construction. A state-sponsored or state-mandated procurement

processes may receive certification from FERC that the procurement process is competitive and non-discriminatory.

- iii. The Capacity Market Seller does not have any formal or informal agreements or arrangements to seek, recover, accept or receive any (a) material payments, concessions, rebates, or subsidies directly or indirectly from any governmental entity connected with the construction or clearing in RPM of the new generation, or (b) other support through long-term contracts obtained in any state-sponsored or state-mandated procurement processes, connected to the construction or clearing in RPM of the new generation,² and
 - c. As part of the Exemption Request, the Capacity Market Seller must submit a certification of a duly authorized officer, certifying that (1) the information supplied to the IMM and PJM to support its exemption is true and correct to the best of his/her knowledge; the (2) the Capacity Market Seller has disclosed all material facts relevant to the request for the exemption; and (3) he/she to the best of their knowledge believe that they satisfy the criteria for the exemption. The Capacity Market Seller shall have an ongoing obligation through the closing of the RPM auction bidding window to update the Exemption Request to reflect any material changes in the request.
4. **MOPR Floor Offer Price.** The offers from all MOPR Screened Generation that have not received either a Self-Supply Exemption or a Competitive Entry Exemption will be subject to MOPR Floor Offer Price, which is 100% of Net CONE for the unit type within the relevant CONE area,³ with no project-specific exceptions.
 5. **Duration:** The MOPR Floor Offer Price would apply to non-exempt portions of MOPR Screened Generation until the resource clears in three separate RPM auctions for three separate Delivery Years. Notwithstanding the foregoing, to the extent the non-exempted portions of MOPR Screened Generation clear any RPM auction where the auction would have otherwise cleared at or below the LDA Reliability Requirement minus 3% absent the non-exempt resource, then the MOPR Floor Offer Price would no longer apply to such non-

² This restriction shall not include (a) payments (including payments in lieu of taxes), concessions, rebates, subsidies or incentives, or participation in a program, contract or other arrangement which utilize criteria designed to incentivize or promote general industrial development in an area; (b) payments, concessions, rebates, subsidies or incentives or participation in a program, contract or other arrangements from a local governmental authority, which utilize eligibility or selection criteria designed to incentivize siting facilities in that county or locality versus another county or locality; or (c) federal government production tax credits, investment tax credits, and similar tax advantages or incentives that are available to generators without regard to the geographic location of the generation.

³ Net CONE for IGCC would need to be developed.

exempt portions of MOPR Screened Generation after the resource clears one RPM auction for one Delivery Year.

CERTIFICATION
[Competitive Entry Exemption]

I, _____, (Undersigned Officer) certify that I am a duly authorized officer of _____ (Company) and that _____ (Company) hereby certifies with respect to the _____ (Project)

1. The Undersigned Officer either has personal knowledge of or has engaged in a diligent inquiry of the facts and circumstances supporting Company's decision to submit an offer into the Reliability Pricing Model Auction for the Project and seek an exemption from the MOPR Floor Offer Price for the Project and certifies that to the best of his/her knowledge and belief the following is true and correct:

- a. the information supplied to the IMM and PJM to support the exemption request is true and correct and the Project is being constructed or contracted for purposes of competitive entry by the Capacity Market Seller,
- b. all material facts relevant to the request for the exemption have been disclosed; and
- c. the criteria for the exemption have been satisfied.

_____ (Name)

_____ (Title)

Subscribed and sworn before me this _____ day of _____, _____.

_____ (Notary Public)

My Commission expires: _____

CERTIFICATION
[Self-Supply Exemption]

I, _____, (Undersigned Officer) certify that I am a duly authorized officer of _____ (Company) and that _____ (Company) hereby certifies with respect to the _____ (Project) that the following is true and correct to the best of (his/her) knowledge and belief:

1. The Undersigned Officer either has personal knowledge of or has engaged in a diligent inquiry of the facts and circumstances supporting Company's decision to submit an offer into the Reliability Pricing Model Auction for the Project and seek an exemption from the MOPR Floor Offer Price for the Project and certifies that to the best of his/her knowledge and belief the following is true and correct:

- a. the information supplied to the IMM and PJM to support the exemption request is true and correct and the Project is being owned or contracted by the Self-Supply LSE for purposes of self-supply for the benefit of the Self-Supply LSE,
- b. all material facts relevant to the request for the exemption have been disclosed; and
- c. the criteria for the exemption have been satisfied.

_____ (Name)

_____ (Title)

Subscribed and sworn before me this _____ day of _____, _____.

_____ (Notary Public)

My Commission expires: _____