

From: Huis, Diane
Sent: Friday, November 02, 2012 9:16 AM
To: MOPR Questions
Cc: Ragsdale, Lee; Bayless, Charlie; 'Denise C. Goulet'
Subject: MOPR Proposal Tariff revisions

NCEMC has reviewed the posted MOPR tariff language and has some suggested edits to correct what we believe are unintentional errors in the posted language. Please see below.

1. Self-Supply Exemption Qualification Criteria

- Section 5.14(h)(6)(i) (at the bottom of page 3): This subsection in the first sentence sets out a list of four types of costs and revenues associated with self-supply that are permissible under the MOPR exemption: (A) industrial development promotional advantages; (B) incentives to encourage siting of new facilities in a county; (C) revenues from state-regulated retail rate recovery; and (D) Public Power Entities' retail revenues and cost advantages. The second sentence of this subsection then states that a Self-Supply Exemption shall not be permitted to the extent the entity has arrangements that allow recovery of subsidies connected to clearing in an RPM Auction "not described by (A) through (C) of this section." This language inadvertently eliminates the Public Power Entities' revenue and cost advantages language. Thus, the second sentence should include (D) as well as (A) through (C) to capture the intent that retail revenues and cost advantages of Public Power Entities are permitted forms of costs and revenues under the exemption. This same problem exists in the third sentence of this subsection.
- The numbering of the subsections in the second sentence also appears to inadvertently continue from the numbering of the subsections in the prior sentence. Instead, the subsection numbering in the second sentence should start over. So the reference to "(E)" and "(F)" should read ("A") and ("B") or ("1") and ("2"). This same problem exists in section 5.14(h)(7)(iii).
- PJM did not redline many of the proposed changes in the tariff; consequently, it was hard to tell what is new language and what is existing language. Redlining all the changes would be useful.

2. Application to External Resources

NCEMC is also concerned that the language regarding the treatment of external supply does not exactly track the language it is replacing:

- **Existing Section 5.14(h)(4)(ii)** - applies the MOPR to "a Generation Capacity Resource located outside the PJM Region (where such Sell Offer is based solely on such resource) that requires sufficient transmission investment for delivery to the PJM Region to indicate a long-term commitment to providing capacity to the PJM Region,"
- **Proposed New Section 5.14(h)(2)** - applies the MOPR to "all Generation Capacity Resources located outside the PJM Region that meet the foregoing criteria and that

require sufficient transmission investment for delivery to the PJM Region to indicate a long-term commitment to providing capacity to the PJM Region."

Note that the new language eliminates the concept of "where such Sell Offer is based solely on such resource." It is NCEMC's understanding that the intent of the proposed new language is to retain the existing treatment of external resources as approved in the Commission's November 17, 2011 and August 10, 2012 Orders on this issue. See 137 FERC ¶ 61,145 at P 129 (Nov. 17, 2011) and 140 FERC ¶ 61,123 at PP 12-13 (Aug. 10, 2012). In order to retain the connection between the proposed new language and the FERC orders approving the existing language, the new language should track the existing language precisely. NCEMC recommends that the new tariff language be modified as follows to retain the existing treatment of external resources:

- "all Generation Capacity Resources located outside the PJM Region (**where such Sell Offer is based solely on such resource**) that meet the foregoing criteria and that require sufficient transmission investment for delivery to the PJM Region to indicate a long-term commitment to providing capacity to the PJM Region."

If there are any questions, please let me know.
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