(8)   Unit-Specific Exception. A Capacity Market Seller intending to submit a
Sell Offer in any RPM Auction below the MOPR Floor Offer Price for any Delivery Year based
on a MOPR Screened Generation Resource may, at its election, submit a request for a Unit-
Specific Exception in addition to, or in lieu of, a request for a Self-Supply Exemption or a
Competitive Entry Exemption, for such MOPR Screened Generation Resource. A Sell Offer
meeting the Unit-Specific Exception criteria in this subsection shall be permitted and shall not be
re-set to the MOPR Floor Offer Price if the Capacity Market Seller obtains a determination from
the Office of the Interconnection or the Commission, prior to the RPM Auction in which it seeks
to submit the Sell Offer, that such Sell Offer is permissible because it is consistent with the
competitive, cost-based, fixed, net cost of new entry were the resource to rely solely on revenues
from PJM-administered markets. The following requirements shall apply to requests for such
determinations:

i)   The Capacity Market Seller shall submit a written request with all
of the required documentation as described below and in the PJM Manuals. For such purpose,
per subsection (h)(9)(i) below, the Office of the Interconnection shall post for each Delivery
Year (a) the cost and revenue estimates or parameters to be used in unit-specific exception
calculations, and (b) a preliminary estimate for the relevant Delivery Year of the MOPR Floor
Offer Price expected to be established hereunder. If the MOPR Floor Offer Price subsequently
established for the relevant Delivery Year is less than the Sell Offer, the Sell Offer shall be
permitted and no exception shall be required.

ii)   As more fully set forth in the PJM Manuals, the Capacity Market
Seller must include in its request for an exception under this subsection 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. Estimates of costs or
revenues shall be supported at a level of detail comparable to the cost and revenue estimates used
to support the Net Asset Class Cost of New Entry established under this section 5.14(h). All
such cost and revenue estimates shall incorporate certain standardized assumptions, values, and
parameters as further described in the PJM Manuals and posted by the Office of the
Interconnection, including, but not limited to:

(A) An expected inflation rate inferred from the difference between the yield on a 20-year
    U.S. Treasury bond and the yield on an inflation-protected 20-year U.S. Treasury bond;
(B) A debt-equity ratio consistent with that used for the Cost of New Entry determined under
    section 5.10(a)(iv);
(C) A cost of debt based on yields for corporate debt issuances with a debt rating of "B" or
    equivalent, as reported in a publicly available index;
(D) A cost of equity determined using the capital asset pricing model, based on publicly
    available information on costs of debt and equity and on financial information concerning
    the types of firms that would develop generation in reliance on PJM market revenues;
(E) A 20-year asset life, unless a longer life is shown to be warranted based on the special
    legal status of the market seller (as, for example, a municipally-owned utility or joint-
    action agency that customarily issues debt for longer than 20 years on favorable terms
    based on its status as a municipal entity);
(F) Nominal levelization of the revenue requirement for the MOPR Screened Generation

Resource using the implied inflation rate from section 5.14(h)(8)(ii)(A);

(G) Variable operations and maintenance costs as most recently determined for the Cost of New Entry estimate under section 5.10(a)(iv), or as determined specifically for the MOPR Screened Generation Resource based on well documented or publicly available data; and

(H) A standardized energy and ancillary service net revenue forecast method based on:

    a. NYMEX forward energy price curves or other publicly available energy price forecast, with forecast energy prices shaped based on the most recent three calendar years of energy price movements, assumed Peak-Hour Dispatch based on the method specified in section 2.46 and the heat rate and other documented characteristics of the MOPR Screened Generation Resource,

    b. a one-year forecast if using NYMEX curves or a three-year average forecast if using other publicly available forecasts,

    c. fuel costs estimated using NYMEX forward curves or other publicly available forecasts for the Henry Hub with an appropriate basis adjustment for the location of the MOPR Screened Generation Resource, and

    d. publicly available estimates or traded forward prices for emissions allowances, permits, or offsets as applicable.

As more fully set forth in the PJM Manuals, supporting documentation for project costs must~~may~~ include, as applicable and available, a complete project description; environmental permits; vendor quotes for plant or equipment~~,~~; and for engineering, procurement and construction services;~~evidence of actual costs of recent comparable projects;~~ bases for electric and gas interconnection costs and any cost contingencies; and bases and support for property taxes, insurance, operations and maintenance ("O&M") contractor costs, and other fixed O&M and administrative or general costs.~~; financing documents for construction period and permanent financing or evidence of recent debt costs of the seller for comparable investments; and the bases and support for the claimed capitalization ratio, rate of return, cost-recovery period, inflation rate, or other parameters used in financial modeling. Such documentation also shall identify and support any sunk costs that the Capacity Market Seller has reflected as a reduction to its Sell Offer~~ No sunk costs or residual value offsets against the revenue requirement for the MOPR Screened Generation Resource shall be taken into consideration in the determination of cost and revenue estimates used in unit-specific exception calculations. The request shall include a certification, signed by an officer of the Capacity Market Seller, that the claimed costs accurately reflect, in all material respects, the seller's reasonably expected costs of new entry and that the request satisfies all standards for a Unit-Specific Exception hereunder. ~~The request also shall identify all revenue sources relied upon in the Sell Offer to offset the claimed fixed costs, including, without limitation, long-term power supply contracts, tolling agreements, or tariffs on file with state regulatory agencies, and shall demonstrate that such offsetting revenues are consistent, over a reasonable time period identified by the Capacity Market Seller, with the standard prescribed above. In making such demonstration, the Capacity Market Seller may rely upon forecasts of competitive electricity prices in the PJM Region based on well defined models that include fully documented estimates of future fuel prices, variable operation and maintenance expenses, energy demand, emissions allowance prices, and expected environmental or energy policies that affect the seller's forecast of electricity prices in such region, employing input~~

~~data from sources readily available to the public.~~ Documentation for net revenues ~~also~~ shall be in accordance with the standardized forecast provided for in this subsection (h)(8) and may include, as available and applicable, plant performance and capability information, including heat rate, start-up times and costs, forced outage rates, planned outage schedules, maintenance cycle, fuel costs and other variable operations and maintenance expenses, and ancillary service capabilities.

iii)   A Sell Offer evaluated under the Unit-Specific Exception shall be permitted if the information provided reasonably demonstrates that the Sell Offer's competitive, cost-based, fixed, net cost of new entry is below the MOPR Floor Offer Price, based on the standardized assumptions determined under this subsection (h)(8), unit-specific project ~~competitive~~ cost advantages relative to the costs implied by the MOPR Floor Offer Price, including, without limitation, documented (e.g., with good faith manufacturer or vendor quotes) competitive cost advantages resulting from lower costs for owner's project development, engineering, procurement and construction contracts, electrical interconnection, fixed operations and maintenance expenses, or special tax treatment on financing as dictated by law based on the Capacity Market Seller's legal status~~business model, financial condition, tax status, access to capital or other similar conditions affecting the applicant's costs~~, or based on net revenues that are reasonably demonstrated in accordance with the standard assumptions and methodology hereunder to be higher than those implied by the MOPR Floor Offer Price. ~~Capacity Market Sellers shall be asked to demonstrate that claimed cost advantages or sources of net revenue that are irregular or anomalous, that do not reflect arm's-length transactions, or that are not in the ordinary course of the Capacity Market Seller's business are consistent with the standards of this subsection.~~ Failure to adequately support such costs or revenues so as to enable the Office of the Interconnection to make the determination required in this section will result in denial of a Unit-Specific Exception hereunder by the Office of the Interconnection.

(9)   Exemption/Exception Process.

i)   The Office of the Interconnection shall post, by no later than one hundred fifty (150) days prior to the commencement of the offer period for an RPM Auction, (a) a preliminary estimate for the relevant Delivery Year of the MOPR Floor Offer Price; (b) for purposes of the Unit-Specific Exception only, all standardized parameters, with appropriate supporting calculation data and source references, determined in accordance with section 5.14(h)(8) above, and (c) for informational purposes only, the most recent Net Cost of New Entry value determined in accordance with section 5.10(a), adjusted based on the standard parameters determined hereunder.