

6.7 Data Submission

(a) Potential participants in any PJM Reliability Pricing Model Auction shall submit, together with supporting documentation for each item, to the Market Monitoring Unit and the Office of the Interconnection no later than one hundred twenty (120) days prior to the posted date for the conduct of such auction, a list of owned or controlled generation resources by PJM transmission zone for the specified Delivery Year, including the amount of gross capacity, the EFORd and the net (unforced) capacity. A potential participant intending to offer any Capacity Performance Resource above \$0/MW-day, except as described in Tariff, Attachment DD, section 6.4(a) must provide the associated offer cap and the MW to which the offer cap applies.

(b) Except as provided in subsection (c) below, potential participants in any PJM Reliability Pricing Model Auction in any LDA or Unconstrained LDA Group that request a unit specific Avoidable Cost Rate shall, in addition, submit the following data, together with supporting documentation for each item, to the Market Monitoring Unit no later than one hundred twenty (120) days prior to the commencement of the offer period for such auction:

i. If the Capacity Market Seller intends to submit a non-zero price in its Sell Offer in any such auction, the Capacity Market Seller shall submit a calculation of the Avoidable Cost Rate, Capacity Performance Opportunity Cost (CPOC), and Projected PJM Market Revenues, if applicable, as defined in subsection (d) below, together with detailed supporting documentation.

ii. If the Capacity Market Seller intends to submit a Sell Offer based on opportunity cost, the Capacity Market Seller shall also submit a calculation of Opportunity Cost, as defined in subsection (d), with detailed supporting documentation.

(c) Potential auction participants identified in subsection (b) above need not submit the data specified in that subsection for any Generation Capacity Resource:

i. that is in an Unconstrained LDA Group or, if this is the relevant market, the entire PJM Region, and is in a resource class identified in the table below as not likely to include the marginal price-setting resources in such auction; or

ii. for which the potential participant commits that any Sell Offer it submits as to such resource shall not include any price above: (1) the applicable default level identified below for the relevant resource class, less (2) the Projected PJM Market Revenues for such resource, as determined in accordance with this Tariff.

Nothing herein precludes the Market Monitoring Unit from requesting additional information from any potential auction participant as deemed necessary by the Market Monitoring Unit, including, without limitation, additional cost data on resources in a class that is not otherwise expected to include the marginal price setting resource as outlined in Tariff, Attachment M-Appendix, section II.G. Any Sell Offer submitted in any auction that is inconsistent with any agreement or commitment made pursuant to this subsection shall be rejected, and the Capacity Market Seller shall be required to resubmit a Sell Offer that complies with such agreement or

commitment within one (1) Business Day of the Office of the Interconnection's rejection of such Sell Offer. If the Capacity Market Seller does not timely resubmit its Sell Offer, fails to request a unit-specific Avoidable Cost Rate by the specified deadline, or if the Office of the Interconnection determines that the information provided by the Capacity Market Seller in support of the requested unit-specific Avoidable Cost Rate or Sell Offer is incomplete, the Capacity Market Seller shall be deemed to have submitted a Sell Offer that complies with the commitments made under this subsection, with a default offer for the applicable class of resource or nearest comparable class of resource determined under this subsection (c)(ii). The obligation imposed under section 6.6(a) above shall not be satisfied unless and until the Capacity Market Seller submits (or is deemed to have submitted) a Sell Offer that conforms to its commitments made pursuant to this subsection or subject to the procedures set forth in section 6.4 above and Tariff, Attachment M-Appendix, section II.H.

The default retirement and mothball Avoidable Cost Rates ("ACR") referenced in this subsection (c)(ii) are as set forth in the tables below for the 2013/2014 Delivery Year through the 2016/2017 Delivery Year. Capacity Market Sellers shall use the one-year mothball Avoidable Cost Rate shown below, unless such Capacity Market Seller satisfies the criteria set forth in section 6.7(e) below, in which case the Capacity Market Seller may use the retirement Avoidable Cost Rate. PJM shall also publish on its Web site the number of Generation Capacity Resources and megawatts per LDA that use the retirement Avoidable Cost Rates. A Capacity Market Seller may not use the default Market Seller Offer Cap contained in the ACR tables in this subsection, and also seek to include any one or more categories of the Avoidable Cost Rate defined section 6.8 below.

Maximum Avoidable Cost Rates by Technology Class

| Technology | 2013/14 Mothball ACR (\$/MW- Day) | 2013/14 Retirement ACR (\$/MW- Day) | 2014/15 Mothball ACR (\$/MW- Day) | 2014/15 Retirement ACR (\$/MW- Day) | 2015/16 Mothball ACR (\$/MW- Day) | 2015/16 Retirement ACR (\$/MW- Day) | 2016/2017 Mothball ACR (\$/MW- Day) | 2016/2017 Retirement ACR (\$/MW- Day) |
|---|--|--|--|--|--|--|--|--|
| Nuclear | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Pumped Storage | \$23.64 | \$33.19 | \$24.56 | \$34.48 | \$25.56 | \$35.89 | \$24.05 | \$33.78 |
| Hydro | \$80.80 | \$105.67 | \$83.93 | \$109.76 | \$87.35 | \$114.24 | \$82.23 | \$107.55 |
| Sub-Critical Coal | \$193.98 | \$215.02 | \$201.49 | \$223.35 | \$209.71 | \$232.46 | \$197.43 | \$218.84 |
| Super Critical Coal | \$200.41 | \$219.21 | \$208.17 | \$227.70 | \$216.66 | \$236.99 | \$203.96 | \$223.10 |
| Waste Coal - Small | \$255.81 | \$309.83 | \$265.72 | \$321.83 | \$276.56 | \$334.96 | \$260.35 | \$315.34 |
| Waste Coal – Large | \$94.61 | \$114.29 | \$98.27 | \$118.72 | \$102.28 | \$123.56 | \$96.29 | \$116.32 |
| Wind | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| CC-2 on 1 Frame F | \$35.18 | \$49.90 | \$36.54 | \$51.83 | \$38.03 | \$53.94 | \$35.81 | \$50.79 |
| CC-3 on 1 Frame E/Siemens | \$39.06 | \$52.89 | \$40.57 | \$54.94 | \$42.23 | \$57.18 | \$39.75 | \$53.83 |
| CC-3 or More on 1 or More Frame F | \$30.46 | \$42.28 | \$31.64 | \$43.92 | \$32.93 | \$45.71 | \$30.99 | \$43.03 |
| CC-NUG Cogen. Frame B or E Technology | \$130.76 | \$175.71 | \$135.82 | \$182.52 | \$141.36 | \$189.97 | \$133.09 | \$178.83 |
| CT - 1st & 2nd Gen. Aero (P&W FT 4) | \$27.96 | \$37.19 | \$29.04 | \$38.63 | \$30.22 | \$40.21 | \$28.45 | \$37.85 |
| CT - 1st & Gen. Frame B | \$27.63 | \$36.87 | \$28.70 | \$38.30 | \$29.87 | \$39.86 | \$28.11 | \$37.52 |
| CT - 2nd Gen. Frame E | \$26.26 | \$35.14 | \$27.28 | \$36.50 | \$28.39 | \$37.99 | \$26.73 | \$35.77 |
| CT - 3rd Gen. Aero (GE LM 6000) | \$63.57 | \$93.70 | \$66.03 | \$97.33 | \$68.72 | \$101.30 | \$64.70 | \$95.37 |
| CT - 3rd Gen. Aero (P&W FT - 8 TwinPak) | \$33.34 | \$49.16 | \$34.63 | \$51.06 | \$36.04 | \$53.14 | \$33.93 | \$50.03 |
| CT - 3rd Gen. Frame F | \$26.96 | \$38.83 | \$28.00 | \$40.33 | \$29.14 | \$41.98 | \$27.43 | \$39.52 |
| Diesel | \$29.92 | \$37.98 | \$31.08 | \$39.45 | \$32.35 | \$41.06 | \$30.44 | \$38.66 |
| Oil and Gas Steam | \$74.20 | \$90.33 | \$77.07 | \$93.83 | \$80.21 | \$97.66 | \$75.51 | \$91.94 |

Commencing with the Base Residual Auction for the 2017/2018 Delivery Year, the Office of the Interconnection shall determine the default retirement and mothball Avoidable Cost Rates referenced in section (c)(ii) above, and post them on its website, by no later than one hundred fifty (150) days prior to the commencement of the offer period for each Base Residual Auction. To determine the applicable ACR rates, the Office of the Interconnection shall use the actual rate of change in the historical values from the Handy-Whitman Index of Public Utility Construction Costs or a comparable index approved by the Commission (“Handy-Whitman Index”) to the extent they are available to update the base values for the Delivery Year, and for future Delivery Years for which the updated Handy-Whitman Index values are not yet available the Office of the Interconnection shall update the base values for the Delivery Year using the most recent ten-calendar-year annual average rate of change. The ACR rates shall be expressed in dollar values for the applicable Delivery Year.

| Maximum Avoidable Cost Rates by Technology Class (Expressed in 2011 Dollars for the 2011/2012 Delivery Year) | | |
|---|---------------------------------|-----------------------------------|
| Technology | Mothball ACR (\$/MW-Day) | Retirement ACR (\$/MW-Day) |
| Combustion Turbine - Industrial Frame | \$24.13 | \$33.04 |
| Coal Fired | \$136.91 | \$157.83 |
| Combined Cycle | \$29.58 | \$40.69 |
| Combustion Turbine - Aero Derivative | \$26.13 | \$37.18 |
| Diesel | \$25.46 | \$32.33 |
| Hydro | \$68.78 | \$89.96 |
| Oil and Gas Steam | \$63.16 | \$76.90 |
| Pumped Storage | \$20.12 | \$28.26 |

To determine the default retirement and mothball ACR values for the 2017/2018 Delivery Year, the Office of the Interconnection shall multiply the base default retirement and mothball ACR values in the table above by a factor equal to one plus the most recent annual average rate of change in the July Handy-Whitman Indices for the 2011 to 2013 calendar years to determine updated base default retirement and mothball ACR values. The updated base default retirement and mothball ACR values shall then be multiplied by a factor equal to one plus the most recent ten-calendar-year annual average rate of change in the applicable Handy-Whitman Index, taken to the fourth power, as calculated by the Office of the Interconnection and posted to its website.

To determine the default retirement and mothball ACR values for the 2018/2019 and 2019/2020 Delivery Years for Base Capacity Resources, the Office of the Interconnection shall multiply the updated base default retirement and mothball ACR values from the immediately preceding Delivery Year by a factor equal to one plus the most recent annual average rate of change in the July Handy-Whitman Index. These values become the new adjusted base default retirement and mothball ACR values, as calculated by the Office of the Interconnection and posted to its website. These resulting adjusted base values for the Delivery Year shall be multiplied by a

factor equal to one plus the most recent ten-calendar-year annual average rate of change in the applicable Handy-Whitman Index, taken to the fourth power, as calculated by the Office of the Interconnection and posted to its website.

PJM shall also publish on its website the number of Generation Capacity Resources and megawatts per LDA that use the retirement Avoidable Cost Rates.

After the Market Monitoring Unit conducts its annual review of the table of default Avoidable Cost Rates included in section 6.7(c) above in accordance with the procedure specified in Tariff, Attachment M-Appendix, section II.H, it will provide updated values or notice of its determination that updated values are not needed to Office of the Interconnection. In the event that the Office of the Interconnection determines that the values should be updated, the Office of the Interconnection shall file its proposed values with the Commission by no later than October 30th prior to the commencement of the offer period for the first RPM Auction for which it proposes to apply the updated values.

(d) In order for costs to qualify for inclusion in the Market Seller Offer Cap, the Capacity Market Seller must provide to the Market Monitoring Unit and the Office of the Interconnection relevant unit-specific cost data concerning each data item specified as set forth in section 6 by no later than one hundred twenty (120) days prior to the commencement of the offer period for the applicable RPM Auction. If cost data is not available at the time of submission for the time periods specified in section 6.8 below, costs may be estimated for such period based on the most recent data available, with an explanation of and basis for the estimate used, as may be further specified in the PJM Manuals. Based on the data and calculations submitted by the Capacity Market Sellers for each existing generation resource and the formulas specified below, the Market Monitoring Unit shall calculate the Market Seller Offer Cap for each such resource, and notify the Capacity Market Seller and the Office of the Interconnection in writing of its determination pursuant to Tariff, Attachment M-Appendix, section II.E.

i. Avoidable Cost Rate: The Avoidable Cost Rate for an existing generation resource shall be determined using the formula in Tariff, Attachment DD, section 6.8 below and applied to the unit's Base Offer Segment. For determining the costs that are avoidable in the unit-specific Avoidable Cost Rate, Capacity Market Sellers shall indicate if the resource will mothball or retire if not cleared in the capacity market, or if the resource shall continue operating and participate in the energy and ancillary services markets during the Delivery Year if not cleared. Capacity Market Sellers that indicate a decision to mothball or retire the resource if not cleared, and use that as the basis for the unit's avoidable costs, shall be required to provide an officer certification. Should the resource not clear in the capacity market and there is a change in the decision to mothball or retire the resource, the Office of the Interconnection and/or the Market Monitoring Unit may require the Capacity Market Seller to provide support for such change.

ii. Opportunity Cost: Opportunity Cost shall be the documented price available to an existing generation resource in a market external to PJM. In the event that the total MW of existing generation resources submitting opportunity cost offers in any auction for a Delivery Year exceeds the firm export capability of the PJM system for such Delivery Year, or

the capability of external markets to import capacity in such year, the Office of the Interconnection will accept such offers on a competitive basis. PJM will construct a supply curve of opportunity cost offers, ordered by opportunity cost, and accept such offers to export starting with the highest opportunity cost, until the maximum level of such exports is reached. The maximum level of such exports is the lesser of the Office of the Interconnection's ability to permit firm exports or the ability of the importing area(s) to accept firm imports or imports of capacity, taking account of relevant export limitations by location. If, as a result, an opportunity cost offer is not accepted from an existing generation resource, the Market Seller Offer Cap applicable to Sell Offers relying on such generation resource shall be the Avoidable Cost Rate less the Projected Market Revenues for such resource (as defined in section 6.4 above). The default Avoidable Cost Rate shall be the one year mothball Avoidable Cost Rate set forth in the tables in section 6.7(c) above unless Capacity Market Seller satisfies the criteria delineated in section 6.7(e) below.

iii. Projected PJM Market Revenues: Projected PJM Market Revenues are defined by section 6.8(d) below, for any Generation Capacity Resource to which the Avoidable Cost Rate is applied.

iv. Capacity Performance Opportunity Cost (CPOC): CPOC shall be the additional bonus performance revenues that are available to an Existing Generation Capacity Resource that does not have a capacity obligation for the Delivery Year. The CPOC must be quantifiable and reasonably-supported by the Capacity Market Seller with a clear showing of the analysis and the basis for inputs used in such analysis. The development of CPOC shall also be consistent with the analysis and related inputs used in the development of CPQR, as applicable, for such unit. CPOC shall only be allowed and greater than \$0 if the Capacity Market Seller has indicated in their submission of a unit-specific Market Seller Offer Cap that the resource will continue to operate and participate in the energy and ancillary services markets during the Delivery Year if not cleared in the capacity market; otherwise, CPOC shall be \$0.

(e) In order for the retirement Avoidable Cost Rate set forth in the table in section 6.7(c) to apply, by no later than one hundred twenty (120) days prior to the commencement of the offer period for the applicable RPM Auction, a Capacity Market Seller must submit to the Office of the Interconnection and the Market Monitoring Unit a written sworn, notarized statement of a corporate officer representing that the Capacity Market Seller will retire the Generation Capacity Resource if it does not receive during the relevant Delivery Year at least the applicable retirement Avoidable Cost Rate because it would be uneconomic to continue to operate the Generation Capacity Resource in the Delivery Year without the retirement Avoidable Cost Rate, and specifying the date the Generation Capacity Resource would otherwise be retired.