

Cap Review Senior Task Force Matrix

#	Design Components	Priority	Status Quo	A	B	C
1	Maximum Cost Offer for Generation - \$/MWH	Medium - High	Incremental capped at the lower of \$1,000/MWH or production cost + 10%; marginal cost of producing energy; generally fuel costs, plus Variable Operations & Maintenance (per M15)	<p>Status Quo, with a pre-determined PJM/IMM review process for cost recovery above offer cap due to circumstances as reflected in metrics addressing weather, generation/transmission operations, fuel availability, other.</p> <p>For purposes of recovery, (Cost+) = production cost + 10%; marginal cost of producing energy; generally fuel costs, plus Variable Operations & Maintenance (per M15)</p> <p>If (Cost+) <= \$,1000 then capped Cost+ otherwise, if (Cost+) > \$1,000 then capped at higher of \$1,000/MWh or Cost (per M15) as defined above without 10% adder and subject to PJM/IMM review</p> <p>When costs exceed \$1000, the cost offer remains \$1000 and an expost review would compensate with no adder based on actual verified costs out of market (uplift - more specificity needed). Similar to the first PJM waiver but without a FERC filing. Ongoing reporting requirement. Review if systemic repetitive costs above the cap. <i>(see package details tab 3a)</i></p>	<p>Incremental energy offer limited to the lower of production cost + 10% or production cost + \$90 with no cap. (marginal cost of producing energy; generally fuel costs, plus Variable Operations & Maintenance (per M15), fuel calculated per unit's fuel cost policy)</p> <p>The 10% adder is limited to \$90 and no FMU or AU adder will apply above \$1000.</p>	<p>Cost based offers for all cost components = actual costs (incremental, start-up, and no-load). DA gas costs index must be clearly defined. Heat rates must be pre-approved by MMU. All offers will be reviewed after the fact. MMU will provide a report for members after the first winter, based on actual experience. For cost based offers > \$1,000, there will be no 10% adder.</p>
2	Maximum Market-Based Offer for Generation - \$/MWH	Medium - High	Capped at \$1,000/MWH	Status Quo	Greater of cost based offer or Consistent with DR offer cap for 30 min. notice (\$1849 - as of 6.1.15)	Market-based offers must be < or = Cost-Based offers, if cost based offers are > \$1000, otherwise market-based offers are limited to \$1000.
3	10% Adder	Medium - High	On the cost based offer the maximum allowable cost offer includes a 10% adder for uncertainties in calculated costs. However, cost based offers may not exceed \$1000/MWh for incremental energy offer.	MU/AU/10% below \$1000, No offers above \$1,000/MWh	<p>The cost offer is allowed \$90 or 10% of the cost based offer, whichever is lower.</p> <p>FMU and AU adders do not apply above \$1000/MWh.</p> <p>Should cost based offers exceed \$1000 PJM would report out on an aggregate level to stakeholders.</p>	<p>Cost-based offers greater than \$1,000 per MWh will not include a ten percent adder or an FMU or AU adder</p> <p>a. For example, the cost-based offer including a ten percent adder includes \$909.09 per MWh of costs and \$90.91 of adder per MWh.b. As costs increase above \$909.09 per MWh, the ten percent adder decreases until it is zero at \$1,000 per MWh.</p>
4	Market Based and Cost Based offer dynamics	Medium - High	Currently both cost and market based incremental energy offers are capped at \$1000. PJM will place a unit on the market based schedule unless it fails the TPS test. If a unit fails the TPS test it will be placed on the market based schedule or the lowest cost based schedule, whichever has the lower production cost.	No offers may exceed \$1000/Mwh.	Market-based or price-based offers for an individual unit must be less than or equal to cost-based offers for such unit when cost-based offers are greater than \$1,000 per MWh.	Market-based or price-based offers for an individual unit must be less than or equal to cost-based offers for such unit when cost-based offers are greater than \$1,000 per MWh.