



Highlights of October 15 MOPR Order and Additional Compliance Requirements

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Markets & Reliability Committee
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- Largely Accepts PJM's proposed approach submitted in prior MOPR filings
- Items of note:
 - FERC indicated that upcoming Base Residual Auction date cannot be set until an order on the pending Energy & Ancillary Services compliance filing is resolved.
 - Since associated pre-auction activities are pegged off of the BRA date, no deadlines for the pre-auction activities may be set at this time.
 - PJM is evaluating which pre-auction activities may begin on a voluntary basis
 - Treatment of state default procurement auctions that have an RPS component
 - Footnote 134 re: Cautions NJ BGS (and other states) regarding state default auction rules changing and that new renewable resources w/ RPS do not escape MOPR via this exclusion.
 - Scope of State Subsidy exclusion for incentives to promote “general industrial development in an area”
 - General pollution control equipment should still be exempt from the definition of State Subsidy. State programs, such as tax exemptions for stand alone renewable facilities are not exempt from the definition of State Subsidy.
 - VA Code § 58.1-3660: "Certified pollution control equipment and facilities" means any property, including real or personal property, equipment, facilities, or devices, used primarily for the purpose of abating or preventing pollution of the atmosphere or waters Such property shall also include solar energy equipment, facilities, or devices”

- Competitive Exemption for bilateral transactions
 - Market sellers involved in bilateral transactions should be allowed to elect the Competitive Exemption where the rights and obligations among multiple off-takers are in equal shares (similar to the *pari passu* arrangements for jointly-owned resources) and the State Subsidy that is assignable. (P30)
- Market Seller Offer Cap
 - Where the default or resource-specific offer price floor for a particular resource is higher than the market seller offer cap for such resource, the resource should submit an offer using a resource-specific review process. (P105)
- RPS, Capacity Storage Resources, and Self-Supply MOPR exemptions
 - Only the Interconnection Customer needs to execute the applicable service agreement prior to Dec. 19, 2019 (P112-113)

- Change in State Subsidy Status
 - Change requirement to notify PJM of change in status within 30 days instead of 5 days. (P327)
- Lack of State Subsidy Certification
 - Capacity Market Seller can still utilize resource-specific floor price despite not timely certifying that the resource was subject to a State Subsidy (P328-329)
- Bilateral transactions
 - Any transactions that replace an unsubsidized resource with a state-subsidized resource will be given no effect (regardless of long or short term) (P372)
- Existing MOPR rules for non-subsidized new entry resources under Tariff, Attachment DD, section 5.14
 - No changes, including conforming updates, can be made (P377)

- All demand response customers (including mass-market residential demand response) must be tracked individually for determining Demand Resource MOPR Exemption (P143)
- Default MOPR floor price for subsidized Generation-backed Demand Resources that are not powered by diesel generations must utilize applicable floor prices associated with the technology of the behind-the-meter generator (or resource-specific if no default value exists for the particular technology type) (P231-233)
- Determination of resource-specific floor price for generation-backed Demand Resources (P282)
 - Cannot solely consider costs of participating in the capacity market and meeting such capacity commitment in the resource-specific floor price determination.
 - Can only consider costs of behind-the-meter generating unit and offset by demand charge management benefits.

- Asset Life Ban
 - Capacity Resource that is not subject to the MOPR (either under the Competitive Exemption or because it certifies that it is not State Subsidized), but subsequently elects to accept a State Subsidy at any point in its asset life may not participate in the capacity market from that point forward for a period of years equal to the remaining applicable asset life (168-170).
- Capacity Resource that enters the market after December 2019 and clears an RPM Auction before receiving or becoming eligible to receive a State Subsidy must still be deemed a New Capacity Resource with State Subsidy once becoming eligible for a State Subsidy. (P171-172)
- Forfeited capacity revenues from Market Seller that elected the competitive exemption but subsequently accepts a state subsidy should be allocated across all PJM load. (P174)

- Compliance filing due on November 16, 2020.
- Given prescriptive level of compliance requirements, PJM has little discretion, if any, to modify the compliance language directed by FERC.
- Additional stakeholder meetings may not be needed to complete this compliance filing.
 - PJM will discuss any pre-auction activities that may begin on a voluntary basis at upcoming MIC meetings.

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Minimum Offer Price Rule Order



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