

LS Power Proposal: CP Non-Performance Penalty Stop Loss and Emergency Action Changes

MRC, May 4, 2023

LS Power is proposing the following changes to the Capacity Performance (CP) Non-Performance Stop Loss and the definition of Emergency Action.

LS Power is **NOT** proposing to change the CP Non-Performance Penalty Rate and that will remain based on Net CONE

Non-Performance Stop-Loss Change: change from using Net CONE to BRA Clearing Price and increase the Stop Loss from 1.5 times to 2.0 times – See change on next page

Emergency Action Definition Change: changed to require 1) a Primary Reserve shortage and issuance of certain emergency warnings, or 2) anytime PJM issues load shed directive, Manual Load Dump Action, Voltage Reduction Action, or issues a deploy all resources action – See changes on next page

Tariff Changes - Redline

Emergency Action

“Emergency Action” shall mean (1) any ~~emergency action for locational or system-wide capacity shortages that either utilizes pre-emergency mandatory load management reductions or other emergency capacity, or initiates a more severe action including, but not limited to, a megawatt shortage of the Primary Reserve requirement (as specified in the PJM Manuals) in a Reserve Zone or Sub-Zone, inclusive of any adjustments to such requirement to account for system conditions, as determined by the dispatch run from the security constrained economic dispatch and where there is also a Voltage Reduction Warning, Voltage Reduction Action, Manual Load Dump Warning, Maximum Emergency Generation Action, or Manual Load Dump Action~~the curtailment of non-essential business loads that encompasses such Reserve Zone or Reserve Sub-zone or (2) anytime the Office of Interconnection identifies an emergency and issues a load shed directive, Manual Load Dump Action, Voltage Reduction Action, or issues a deploy all resources action for an entire Reserve Zone or Reserve Sub-zone.

Tariff, Attachment DD, section 10A(f):

~~For Delivery Years through and including the 2024/2025 Delivery Year, T~~the Non-Performance Charges for each Capacity Performance Resource (including Locational UCAP from such a resource) and each PRD Provider for a Delivery Year shall not exceed a Non-Performance Charge Limit equal to ~~1.52.0~~ times the ~~Net Cost of New Entry~~Base Residual Auction clearing price for the applicable LDA and Delivery Year times the megawatts of Unforced Capacity committed by such resource or such PRD Provider times the number of days in the Delivery Year. ~~All references to Net Cost of New Entry in this section 10A shall be to the Net Cost of New Entry for the LDA and Delivery Year for which the calculation is performed. The total Non-Performance Charges for each Base Capacity Resource (including Locational UCAP from such a resource) for a Delivery Year shall not exceed a Non-Performance Charge Limit equal to the total payments due such Capacity Resource or Locational UCAP under Tariff, Attachment DD, section 5.14 for such Delivery Year. For Delivery Years through and including the 2024/2025 Delivery Year, T~~the Non-Performance Charges for each Seasonal Capacity Performance Resource for a Delivery Year shall not exceed a Non-Performance Charge Limit equal to ~~1.52.0~~ times the ~~Net Cost of New Entry~~Base Residual Auction clearing price for the applicable LDA and Delivery Year times the megawatts of Unforced Capacity committed by such resource times the number of days in the season applicable to such resource.

Tariff Changes - CleanPrimary

Emergency Action

“Emergency Action” shall mean (1) any megawatt shortage of the Primary Reserve requirement (as specified in the PJM Manuals) in a Reserve Zone or Sub-Zone, inclusive of any adjustments to such requirement to account for system conditions, as determined by the dispatch run from the security constrained economic dispatch and where there is also a Voltage Reduction Warning, Manual Load Dump Warning, Maximum Emergency Generation Action, or the curtailment of non-essential business loads that encompasses such Reserve Zone or Reserve Sub-zone or (2) anytime the Office of Interconnection identifies an emergency and issues a load shed directive, Manual Load Dump Action, Voltage Reduction Action, or issues a deploy all resources action for an entire Reserve Zone or Reserve Sub-zone.

Tariff, Attachment DD, section 10A(f):

For Delivery Years through and including the 2024/2025 Delivery Year, the Non-Performance Charges for each Capacity Performance Resource (including Locational UCAP from such a resource) and each PRD Provider for a Delivery Year shall not exceed a Non-Performance Charge Limit equal to 1.5 times the Base Residual Auction clearing price for the applicable LDA and Delivery Year times the megawatts of Unforced Capacity committed by such resource or such PRD Provider times the number of days in the Delivery Year. For Delivery Years through and including the 2024/2025 Delivery Year, the Non-Performance Charges for each Seasonal Capacity Performance Resource for a Delivery Year shall not exceed a Non-Performance Charge Limit equal to 1.5 times the Base Residual Auction clearing price for the applicable LDA and Delivery Year times the megawatts of Unforced Capacity committed by such resource times the number of days in the season applicable to such resource.