

Communication Regarding MOPR Implementation for 2016/2017 BRA

On December 7, 2012, PJM filed revisions to the Minimum Offer Price Rule (MOPR) in Section 5.14(h) of Attachment DD to add two categorical exemptions from MOPR for competitive entry and self-supply exemptions, eliminate the unit-specific MOPR exception review process, and make other changes (December 7 Filing). In the December 7 Filing, PJM advised that it would receive and process MOPR exemption requests under the proposed tariff terms while the filing was pending at FERC, while also continuing to process exception requests under the pre-existing Tariff terms. In the December 7 Filing, PJM encouraged market sellers seeking a unit-specific MOPR exemption under the pre-existing rules to process an applicable exemption request under the proposed Tariff terms as well. Reiterating this, PJM and Monitoring Analytics (“the IMM”) issued a communication on December 12, 2012 strongly recommending that affected market participants submit MOPR exemption requests under both the unit-specific exception and the proposed competitive entry or self-supply exemption review processes by no later than January 13, 2013 and announcing that PJM and the IMM would review the requests under both processes until a FERC ruling was received regarding PJM’s proposed rule changes. In its March 4, 2013 response to a deficiency letter in the FERC proceeding, PJM advised that it had followed the course of accepting MOPR exemption/exception requests under both the pre-existing and proposed rules and was in a position to implement for the May 2013 Base Residual Auction exemption/exception requests under either set of rules.

On May 2, 2013, in Docket Nos. ER13-535-000 and ER13-535-001 (May 2 Order), FERC accepted, with an effective date of February 5, 2013, the proposed competitive entry and self-supply MOPR exemptions, but also required that PJM retain the unit-specific MOPR exception for those cases where the competitive entry or self-supply exemptions did not apply.

PJM has reviewed the May 2 Order and the submitted exemption and exception requests and by this notice affirms that it is capable of implementing the revised MOPR rules established by the May 2 Order (including approval of the competitive entry and self-supply exemptions and retention of the unit-specific exception process for resources that fail those categorical exemptions) for the May 2013 BRA and intends to do so, consistent with PJM’s past announcements (as described above) and the February 5, 2013 effective date established by the May 2 Order.

Accordingly, PJM offers the following direction to those market participants that submitted timely MOPR unit-specific exception requests and/or categorical exemption requests for the May 2013 BRA:

- (1) Market participants that received PJM approval of a competitive entry or self-supply exemption may submit sell offers starting at \$0/MW-Day into the upcoming May 2013 BRA whether or not they also submitted a unit-specific exception request and regardless of any minimum sell offer level approved by PJM in any unit-specific MOPR exception process for that resource.
- (2) Market participants that received PJM approval of a unit-specific MOPR exception request must submit a Sell Offer consistent with the approved offer value if a competitive entry or self-supply exemption was either not submitted or was submitted but not approved by PJM.

Please direct any questions to PJM at RPM_Hotline@pjm.com