

MOPR-Ex Proposal

Markets & Reliability
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Overview

- **Nonmarket subsidies for existing generators are not consistent with competitive market outcomes.**
- **The MOPR-Ex proposal addresses this issue by extending the MOPR concept to existing resources.**
- **MOPR-Ex applies to all resource types.**



Overview

- **MOPR-Ex incorporates the exemptions and exceptions that apply under the prior MOPR design.**
- **MOPR-Ex incorporates the definitions that apply under the prior MOPR design.**
- **Self-Supply Exemption**
- **Competitive Entry Exemption**
 - **Applies to existing resources and all resource types.**



Overview

- **Two new exemptions:**
 - **Public Entity Exemption**
 - **RPS Exemption**
- **Unit-Specific Exception is extended for application to existing resources.**
- **MOPR default floor offer price is Net Cone x B.**



Public Entity Exemption

Eligibility for the exemption requires:

- **Supply is planned to be less than or equal to demand.**
- **Actual Supply does not exceed demand by more than 600 MW.**
 - **The Electric Cooperative or Public Power Entity will notify PJM and the IMM when supply is expected to exceed demand, and describe the consistency of the investment decisions with its business model.**



Public Entity Exemption

- **Any supply in excess of the 600 MW threshold will not be exempted, and the MOPR floor or unit specific exception will apply starting with resource(s) most recently added to the portfolio.**



RPS Exemption

Eligibility for the exemption requires:

- **The terms of the RPS program are competitive and non-discriminatory.**
- **If the RPS program does not use an auction**
 - **terms of the program are consistent with fair market value and standard industry practice**
 - **terms of program provide that the price paid for RECs is determined by the contract terms between buy and seller.**



RPS Exemption

- **If the RPS program uses an auction**
 - **winner(s) of auction based on lowest offer price(s).**
 - **payments to winners based on auction clearing prices.**
 - **at least three nonaffiliated sellers participate.**
- **A Resource procured in a program in compliance with a state mandated RPS prior to December 31, 2018, is also eligible for the RPS Exemption**



Unit-Specific Exceptions

- **Unit-Specific Exceptions for new entry must use standard assumptions:**
 - **Nominal levelization of gross costs**
 - **20 year life**
 - **No residual value**
 - **Include all project costs (no sunk costs subtracted)**
 - **Use first year revenues**
 - **WACC base on the actual cost of capital for company offering**



Unit-Specific Exceptions

- **A sell offer using a Unit-Specific Exception, other than the exception applicable to new entry, will equal the greater of:**
 - **Net ACR as defined in Attachment DD, Section 6.8(a), and**
 - **The value obtained by a calculation consistent with the derivation of the Market Seller Offer Cap, but employing alternative assumptions for the availability ratio (A), the number of Performance Assessment Hours (H), the Balancing Ratio (B), and the Capacity Performance bonus payment rate (CPBR).**



Review Process

- **Generation resources with no outside market revenues (subsidies), other than those included in the Competitive Entry Exemption (Att DD, Section 5.14 (h) (7) iii), would be able to confirm their compliance with MOPR-Ex via their submittals to the IMM's electronic MIRA RPM/ACR system.**



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