

Presentation Made to the Members Committee on November 20, 2014

Offer Caps

Maximum Cost-Based Offer:

Incremental capped at lower of \$1,800/MWh or production cost + (maximum of) 10%; marginal cost of producing energy; generally fuel costs, plus Variable Operations & Maintenance (per M15)),.

Cost-Based Offers

Cost-Based offers up to \$1,800/MWh may set LMP. Generation costs for production of energy above \$1,800/MWh will be recovered via the PJM Manual 11 procedure for cost reimbursement.

All cost-based offers between \$1000/MWh and \$1800/MWh will be subject to review by PJM and the IMM to assure adherence to established cost development guidelines found in PJM Manual 15. To the extent PJM and the IMM determine that an accepted offer above \$1000/MWh must be modified, the Office of the Interconnection shall follow the notification and re-posting timelines provided for in OA Section 1.10.8(e).

Maximum Market-Based Offer:

Capped at greater of \$1000/MWh or Cost-Based Offer.

10% Adder:

In situations where the actual fuel cost of the unit is not final at the time of the offer, the cost offer and the actual cost of energy when a resource operated at a cost above \$1000/MWh may include a 10% adder of the cost-based offer or the actual production cost, as applicable. FMU and AU adders do not apply to cost-based offers above \$1000/MWh.

Reporting:

Should cost-based offers exceed \$1000/MWH, the IMM would provide a report, within 30 days and on an aggregate basis, to stakeholders.