



# Cap Review Senior Task Force MRC Vote

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September 18, 2014

- Problem Statement and Issue Charge
  - Approved April 24, 2014
- Cap Review Senior Task Force (CRSTF) charged with developing a permanent solution, if necessary, related to the temporary waivers associated with FERC ER14-1144 and ER14-1145
  - Filings from January to allow generators to recover costs above \$1,000/MWh
- Target filing date of October 31, 2014
- Eight meetings throughout spring and summer

- Package A –Status Quo, with a pre-determined PJM/IMM review process for cost recovery above offer cap due to circumstances as reflected in metrics addressing weather, generation/transmission operations, fuel availability, other.
- For purposes of recovery, (Cost+) = production cost + 10%; marginal cost of producing energy; generally fuel costs, plus Variable Operations & Maintenance (per M15)
- If (Cost+)  $\leq$  \$,1000 then capped Cost+ otherwise, if (Cost+)  $>$  \$1,000 then capped at higher of \$1,000/MWh or Cost (per M15) as defined above and subject to PJM/IMM review
- No FMU or AU adders above \$1000/MWh

- Cost Based Incremental energy offer limited to production cost + 10%, with no cap.
- Market Based offer is greater of cost based offer or consistent with DR offer cap for 30 minute notice.
- Marginal cost of producing energy; generally fuel costs, plus Variable Operations & Maintenance (per Cost Development Guidelines)
- No Frequently Mitigated Unit or Associated Unit adder will apply above \$1,000/MWh

- Cost based offers for all cost components = actual costs (incremental, start-up, and no-load). DA gas costs index must be clearly defined.
- Market based offers must be less than or equal to cost based offers, if cost based offers are  $> \$1,000/\text{MWh}$ , otherwise limited to  $\$1,000$
- Heat rates must be pre-approved by MMU.
- All offers will be reviewed after the fact. MMU will provide a report for members after the first winter, based on actual experience.
- For cost based offers  $> \$1,000/\text{MWh}$ , there will be no 10% adder.



## CRSTF September Package Vote Results

- 145 companies represented
- 29 respondents
- One package received greater than 50% support, Package B

	Package A	Package B	Package C
Yes	68	90	2
No	75	53	133
Abstain	1	1	9
Level of Support	47.6%	62.9%	1.5%
Simple Majority	No	Yes	No





Status Quo

	Count	%
Make a Change	109	75.17%
Maintain Status Quo	34	23.45%





## Next Steps

- October 30, 2014 – MC Vote
- October 31, 2014 – FERC Filing Target