

Minimum Offer Price Rule (MOPR) – Unit Specific Review Process

Includes Approved Problem/Opportunity Statement

Issue Source

The recent FERC order on the PJM MOPR filing (docket ELR13-535) suggested that PJM conduct a stakeholder process to consider revisions to the unit-specific review process to make it more standardized. PJM and the Independent Market Monitor have jointly raised this issue.

Stakeholder Group Assignment

The issues will be addressed by the Markets and Reliability Committee.

Key Work Activities

- Education on the Unit Specific Review process and each of the elements thereof.
- Consideration of changes to financial modeling assumptions to standardize them and make them more consistent with modeling assumptions utilized to establish NET CONE parameter. Areas to be considered include:
 - Use of Nominal Levelized Gross CONE
 - Use of Residual Value
 - Exclusion of Sunk Costs
 - Calculation of Net Revenues
 - Historic vs. forecast revenue
 - First year vs. multiple year assumption
 - Calculation of Weight Average Cost of Capital (WACC)
 - Asset Life
- Consideration of changes to the process to provide more transparency.
- Development of governing document and manual revisions to implement proposed changes.

Expected Deliverables

The necessary changes to manuals and governing documents will be provided as a result of the work effort.

Expected Overall Duration of Work

It is expected that the work will be completed in time for a December 1, 2013 filing for implementation in the 2014/15 Delivery Year.

Decision-Making Method

The group will endeavor to achieve Tier 1 consensus on a single proposal although Tier 2 decision making is acceptable.