

PJM MRC

Self Supply for planned resources

Identify potential changes to allow assured clearing that is not intended to manipulate clearing prices.

Updated August 9, 2011

| ID | Design Component | Importance | Component Solution Options | | | | | | G |
|----|------------------------------------|------------|--|---|---|--|---|---|---------------------------------|
| | | | A | B | C | D | E | F | |
| 1 | Clearing prices not manipulated | High | Allow self supply if economic on a multi-year view to offer so clears | Restore exemption for upgrades at existing units (without limitation) | Restore exemption for unit additions at existing units (up to a threshold) | Broaden renewable exemption to other renewable projects (e.g. landfill, biomass, etc.) | Restore residual nature to RPM and allow LSEs to pull some load out of the BRA prior to the auction for new or existing self supply | Add exemption to MOPR for certain MW amount tied to the size of LDA (below this MW level not subject to MOPR screens and can be committed as self supply) | Keep MOPR out of rest of market |
| 2 | Eligibility | High | Identify types of participants or actions that can be exempted based on business model | Identify types of participants or actions that should not be exempted | all planned generation resources (PSEG submission - not yet covered during meeting) | | | | |
| 3 | Duration of self supply commitment | Medium | No limitations or restrictions | multi-year (PSEG submission - not yet covered during meeting) | | | | | |

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| ID | Design Component | Component Solution Options | | | |
|----|------------------------------------|---|---|---|--|
| | | H | I | J | K |
| 1 | Clearing prices not manipulated | Allow self supply if economic on a x-year view. Require the entity to offer in at same price over x years. | objective benchmarks should be applied to assess whether a self supply resource manipulates clearing prices | standard assessment of self supply market power across the PJM footprint (opposite of option G) | - use a two tiered auction process - first auction is unmitigated and any new units that clear receive unmitigated price - second auction is mitigated using MOPR and is used to set price for other committed supply <i>(PSEG submission - not yet covered during meeting)</i> |
| 2 | Eligibility | | | | |
| 3 | Duration of self supply commitment | | | | |