

Fixed Resource Requirement (FRR)

11/2/2011 Meeting

Package 2 Matrix

ID	Design Component	Package 2
1	Sales cap into RPM auction	Lesser of: (25% of obligation) or 1300 MW
2	Obligation to serve entire load in FRR service area through the FRR capacity plan	Allow election for only certain zones rather than all zones + Allow partial election by volume by zone for new or existing self supply
3	Definition of an FRR service area	Relax to allow for zone by zone election including partial election by zone + Allow any metered area to be an FRR service area
4	Duration of the FRR election	5 years
5	FRR entity's utilization of RPM auctions to procure a portion of FRR obligation	Not allowed
6	Transfer pricing related to retail access	State compensation mechanism prevails or in absence of such mechanism the alternative retail LSE compensates FRR entity at RPM unconstrained price
7	Timing the FRR election (LSE and FRR entity)	2 months prior to BRA
8	Threshold Quantity	Lesser of: (3% of obligation) or 450 MW

Details on Design Component #2 and #3

Limit the ability of a LSE to partially elect FRR in a zone by Delivery Point(s) to LSEs meeting objective criteria. A LSE can partially elect FRR by Delivery Point(s) in a zone for the purposes of using a Planned Generation Capacity Resource ("PGCR"), which would have otherwise been subject to restrictions under section 5.14(h) in an RPM Auction, as self-supply in the FRR plan as long as the following conditions are all satisfied:

- (i) The LSE's size or position in the area where the partial FRR election is being made for the PGCR is such that either the LSE's net short in the LDA after existing owned or long-term contracted resources prior to the PGCR is less than 1000 MW or the LSE's Obligation Peak Load in the LDA is less than 1000 MW.
- (ii) The LSE either owns the PGCR or has contracted for the output of PGCR for at least 10 years.
- (iii) The LSE is the beneficial off-taker of the PGCR's energy, ancillary services, and capacity.
- (iv) The LSE's customer(s) bear the PGCR investment gain or loss on revenues from PJM administered markets.
- (v) The LSE is a Public Power Entity or a Single Customer LSE.