

LS POWER

LS Power MSOC

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About LS Power

LS Power is a development, investment and operating company focused on the North American power and energy infrastructure sector

- Founded in 1990, LS Power has 280 employees across its principal and affiliate offices in New York, New Jersey, Missouri, Texas and California
- LS Power is at the leading edge of the industry's transition to low-carbon energy by commercializing new technologies and developing new markets.
 - **Utility-scale power projects across multiple fuel and technology types**, such as pumped storage hydro, wind, solar and natural gas-fired generation
 - **Battery energy storage**, market-leading utility-scale solutions that complement weather dependent renewables like wind and solar energy
 - **High voltage electric transmission infrastructure**, which is key to increasing grid reliability and efficiency, as well as carrying renewable energy from remote locations to population centers
 - **EVgo, the nation's largest public fast charging platform for electric vehicles** and first platform to be 100% powered by renewable energy
 - **CPower Energy Management**, the largest demand response provider in the country that is dedicated solely to the commercial and industrial sector
- Since inception, LS Power has developed, constructed, managed and acquired competitive power generation and transmission infrastructure, for which **we have raised over \$47 billion in debt and equity financing.**
 - **Developed over 11,000 MW of power generation** (both conventional and renewable) across the United States
 - **Acquired over 34,000 MW of power generation assets** (both conventional and renewable)
 - **Developed over 660 miles of high voltage transmission**, with ~400 miles of additional transmission under development

Utilize deep industry expertise as owner/operator

Design Principals

- PJM operates a competitive wholesale electricity market (PJM website)
- The MSOC imposes a maximum limit on the BRA Offer Price of a resource if and when it is deemed to have the ability to exercise market power
- MSOC is not a cost-of-service, ratemaking proceeding
- Generation owners are best at determining their risks
- Transparency
 - The determination of Default MSOCs has to be completely transparent to the sellers
 - All models, data, assumptions, etc should be available to the sellers for review and understanding

Unit-Specific MSOC Proposal

- At a minimum, the MSOC should reflect the risk of taking on the capacity obligation relative to operating as an Energy-only Resource
- Therefore, the MSOC should never be less than CPQR
- CPQR:
 - CPQR is be based on the market seller's view of the risk of taking on a capacity obligation vs not taking on the obligation and remaining an energy-only resource
 - This risk is viewed differently by different market sellers and the market seller's view of this risk is commercially sensitive
 - One size doesn't fit all and the process needs to reflect that
 - Market sellers should be able to determine CPQR based on the seller's models typically used in determining their investment risks.
- Default MSOC
 - As with the Unit-Specific MSOC, the Default MSOC should never be lower than the CPQR

Must Offer Exception Request

- Move the deadline for submitting the Must Offer Exception Request to no later than 5 days after receipt of the final Default MSOC and Unit-Specific MSOC from PJM/IMM (currently falls on same day as when final MSOC is issued)
- Include an additional reason to for the Must Offer Exception Request –
 - The market seller does not agree with either the final Unit-Specific MSOC or the Default MSOC provided by PJM/IMM
- To address market power concerns, using the MOPR certifying there is no exercise of Buyer-Side Market Power, the market seller would provide a similar officer certification representing that the unit would be uneconomic and would otherwise operate as an Energy Resource for the applicable Delivery Year if the market seller does not agree with PJM/IMM on the final Unit-Specific/Default MSOCs
- The market seller may no longer offer into any RPM Auction for that Delivery Year but may participate as an energy resource in the energy and ancillary markets for that Delivery Year
- If we get the Unit-Specific MSOC process correct, then this should never be used