

Energy Market Offer Cap Potential Consensus Framework

Members Committee

October 1, 2015

Background

- Polar Vortex and Winter 2014 Waivers
- 2014 Cap Review Senior Task Force
- Winter 2015 “temporary” Tariff and OA revisions
- July 2015 Liaison Committee Board remarks
- MC Webinar, MIC, MRC, Special MRC discussions
- Four proposals identified

Framework Foundation

- FERC NOPR in Docket RM15-24-000
- Potential consensus framework developed by four proposers
 - Driver - impending additional FERC guidance
 - Expected ultimate resolution in response to future FERC action in one to two years

Framework

- Cost-based offers for incremental energy capped at \$2,000/MWh and allowed to set price
 - *According to Manual 15 and a generator's fuel cost policy*
- Costs in excess of \$2,000/MWh recovered through *after-the-fact review and subsequent* make whole payments
 - *According to Manual 15 and a generator's fuel cost policy*
- Market-based offers for individual units allowed to rise with their cost-based offers
- No changes in the following:
 - 10% adder
 - Shortage penalty factors
 - Startup, no-load compensation