

November 27, 2012

Addressed to PJM Vice President Andy Ott

Via Electronic Mail

Re: Request for Information Regarding Proposed Minimum Offer Price Rule (MOPR) Revisions (Content and Process)

1. At the November 20, 2012 MOPR Discussion Session, the NRG Representative stated, and PJM's Mr. Andy Ott appeared to agree, that the Package 1 language, as the result of the elimination of the Unit Cost Review Exemption, requires that all external generation selling into PJM on a long-term basis and all unit repowering transactions are subject to MOPR evaluation and mitigation. Please confirm: (a) whether PJM does in fact agree with these statements, and (b) what PJM's expectation is as to the effect of such mitigation (along with other MOPR modifications made in 2011 & 2012) will be on capacity prices/costs paid by Maryland citizens.
2. In 2011, PJM proposed and has obtained from FERC a number of significant changes in MOPR operation, and has supported Industry proposed additional revisions in 2012 (proposed in Package 1). Proposed changes include increasing the MOPR Floor Offer Price from 80 to 100%, elimination of the Impact Screen, severe restriction or elimination of State sponsored generation development, elimination of Unit Specific Review and expansion of MOPR application throughout PJM and to all lower cost natural gas fired generation units which are the unit of choice for construction at present. Separately, it is understood that Gross CONE values have increased for application in Maryland since December 31, 2010 and will increase further based on a proposed settlement of a separate proceeding on this matter in 2013, and that revenue/ancillary service reductions are expected to decline in future auctions from those available in the 2012 auction. While no one or even multiples of these factors necessarily has a direct effect upon RPM auction results which depend upon Auction participant bidding behavior, that behavior could be affected by these MOPR rule changes particularly in that increased minimum required offers and reduced participation in the auctions, would be expected to encourage higher RPM market bids. Does PJM have any expectation as to what the effects of these

RPM MOPR modifications may have on Capacity Market Prices paid by Maryland citizens. Please explain that expectation.

3. In early October, PJM advised the MD PSC and other State Regulators and Consumer Advocates that a User Group/Partial Stakeholder process had been initiated upon the MOPR in June 2012 and was subsequently continued up until late September 2012. As the result of comments at the October 17 PJM MOPR Education Session, it was learned that this process involved up to 4 User Group/Partial Stakeholder Face-to-Face Meetings and an equal number of Conference Calls, with exchanges of data and proposals for modification of the MOPR, and further that PJM participated in or facilitated these Meetings pursuant to an agreement that the existence of this process or its contents would not be shared with State Regulators or Consumer Advocates. Please identify the dates, length, subjects discussed and general character of the participants in each such meeting or conference call in which PJM participated and provide any official summaries or reports prepared by PJM as a part of its Stakeholder facilitation process of such meetings or Conference Calls.

If you have any questions with respect to this information request, or would like to discuss the information request with the Commission, please contact Maryland PSC Commission Advisor Walter Hall, II at 410-767-3556, or by email at whall@psc.state.md.us, or Deputy General Counsel Miles Mitchell at 410-767-8038, or by email at mmitchell@psc.state.md.us.

Cc: Dave Anders, PJM Manager of Stakeholder Affairs
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