



# Minimum Offer Price Rule Stakeholder Discussion Session

*November 5, 2012*

- 10/4 – Education Session (half day)
- 10/11 – Posted Term Sheet
- 10/12 – Education Session (half day)
- 10/17 – Discussion Session (half day)
- 10/25 – MRC – First Read and Discussion
- 11/05 – Discussion Session (half day)
- 11/08 – Discussion Session (full day)
- 11/14 – Discussion Session (full day)
- 11/20 – Discussion Session (full day)
- 11/29 – Potential MRC and MC Votes
- 11/30 - Potential FERC Filing effective for 2016/17 BRA

- **Supplier concerns with Current MOPR**
  - Flawed unit-specific exemption structure leads to outcomes that are inconsistent with a competitive market
    - Exemptions available despite state subsidies and discriminatory procurements connected to building and clearing new units in RPM
    - Opaque and subjective exemption process
    - Incentive for cost and revenue manipulation
  - Applied Mitigation Insufficient
    - One year duration allows for anomolous results
    - Mitigation at 90% Net CONE inaccurately represents the 20-year levelized CONE on which RPM is predicated

- **Load Interest concerns with current MOPR**
  - Loss of guaranteed clearing/ability to offer zero for self-supply
  - Direct attack on public power business model and unnecessary threat to other load-serving market participants
  - Lack of clarity in exception language
  - Continued litigation and disputes over exception standards and process
  - Legitimate arrangements (projects built under tolling agreements; projects built by rate-regulated utilities) risked not clearing due to MOPR screens

## 7.2.2 Identify and explore interests:

- the purpose of this step is to ensure that all stakeholders have a common understanding of each other's interests vis-à-vis their potential positions on individual issues (interests and positions are different – positions are assertions about what people say they want, while interests are why people want what they want (needs, motivations, concerns, and desires behind the position) – A reason it is important to articulate underlying interests is that there may be multiple ways to satisfy interests besides the stated position) To garner the greatest support, solutions need to attempt to meet as many interests as possible. Second, the consolidated interest list can serve as a yardstick to judge final packages against.
  - i. this needs to be a deliberate activity to ensure that interests are expressed before participants make proposals or state positions.
- ask participants to state why and how the issue is (or is not) important to their organization; and
- have participants describe their organization's core (most important) interests, and those that may be secondary (less important);
  - i. participants should describe the various interests their organization has on a matter that are in addition to any direct financial ones;
  - ii. PJM should indicate whether it has significant interests related to this issue, and if so what they are and why;
  - iii. the Independent Market Monitor should also indicate whether it has significant interests related to this issue, and if so what they are and why; and
  - iv. OPSI (and state regulators) should be invited and encouraged to share their interests.
- Facilitator will then take the list of interests and summarize and consolidate them for the participants' review and further refinement (most likely at the subsequent meeting). The facilitator could also lead a discussion on the relative importance of each of the consolidated interests, noting areas of convergence and divergence of opinion. The consolidated list of interests including any relative importance ranking will be referred back to during the proposal development and decision-making processes to understand how emerging solutions stack up against the range of participant interests, in an effort to develop technically-sound solutions which garner the greatest amount of stakeholder agreement.