

Targeted Market Efficiency Project Type MEPETF Phase 3

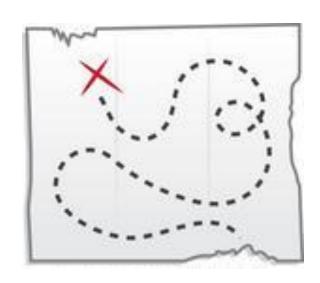
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Market Efficiency Process Enhancement Task Force July 1, 2019

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- Exists in interregional space
- Discussed regional implementation in MEPETF phase 1 & 2
 - Phase 1: general support for concept but no agreement on details
 - Phase 2: no substantial progress toward consensus
- Stakeholders voted to continue discussions in Phase 3

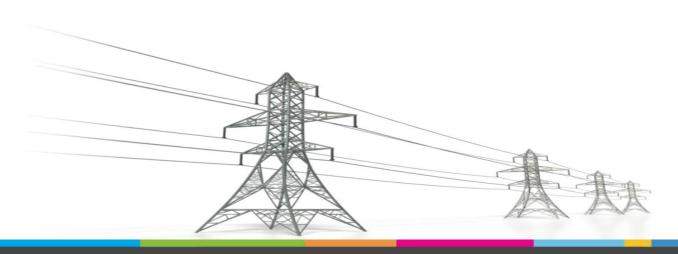




- Small, low cost, short lead time projects
- Target persistent historical congestion issues
- Criteria under consideration
 - Address persistent historical congestion, which is not due to planned outages and/or is not addressed by any planned upgrades or ISA generators
 - Capital cost less than \$20M
 - To be in service by third summer season
 - Total capital cost is covered by four years of benefits
 - Benefits are calculated based on the average of past 2 years of historical congestion (Day Ahead + Balancing), adjusted for outage impacts



- Identifies high-impact, low cost solutions
- Puts solutions in the ground, bringing benefits to customers, faster than the MEP process
- Addresses congestion issues that otherwise may go unresolved





- Model availability to reproduce results
 - Models which use market sensitive data can't be shared
- Proposal window
 - Timing of window (existing ME window, acceleration analysis, reevaluation, etc.) and interaction with MEP process
- Benefit metric disparity between TMEP and MEPs
 - Non-linear correlation between congestion and load cost savings

*This list is not exhaustive, but represents concerns the PJM SME team believes will be most difficult to address



- PJM SMEs reviewed stakeholder concerns and considered alternatives
 - Addressing all concerns results in a solution very similar to the existing MEP process
- No comprehensive proposal identified which
 - Accomplishes goals of TMEP process
 - Addresses stakeholder concerns
 - Likely to earn consensus support
- Encourage alternative proposals from Task Force participants