



Regional Planning Process Task Force Interim Report

May 30, 2013
Markets and Reliability Committee
Chase Center, Wilmington, DE

- **Market Efficiency Modeling Recommendations – MRC Voting Item**
 - First Read - May 30, 2013
 - Market Efficiency Benefit Determination - Matrix & Voting Results
 - Market Efficiency Generator Expansion - Options & Voting Results
 - Proposed revisions to Production Cost Definition – RPPTF Tier 1 Consensus Reached
- **Multi-Driver Approach Status Report – Informational**
 - Reliability, Market Efficiency and Public Policy Projects
 - Polling Results
- **FERC Order No.1000 Compliance Status Report - Informational**
 - PJM Compliance Filing Response
 - PJM Interregional Compliance

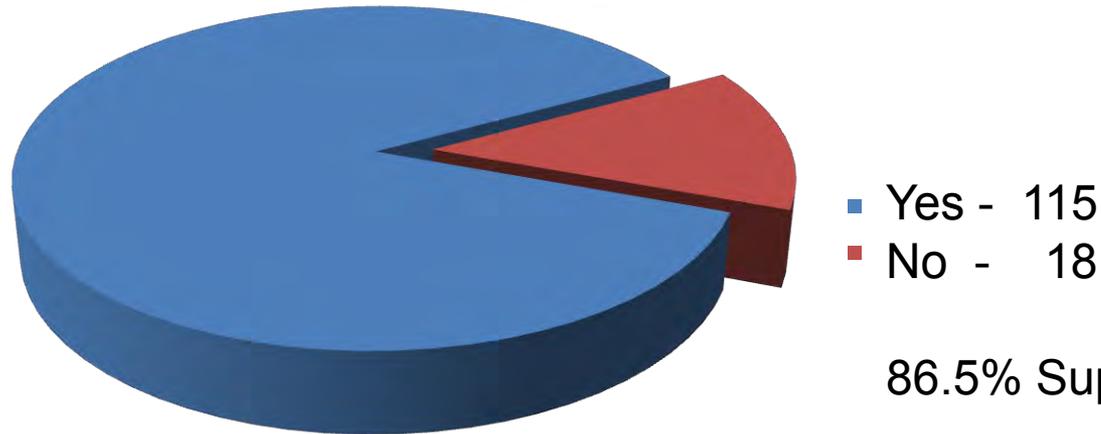


Market Efficiency- Benefit Determination

– Status Quo & Final Packages for Vote

	Existing Cost Allocation: Market Efficiency Projects.	Existing Benefit Determination: May 2013	Benefit Determination Package 4	Benefit Determination Package 10
Regional Projects	50% Load Ratio Share and 50% to zones with decreased net load payments	Total Benefit= Energy + Capacity Benefit		
		Energy Benefit: 70% change in production costs + 30% change in net load payments all zones	Energy Benefit: 50% change in production costs + 50% change in net load payments all zones	Energy Benefit: 50% change in production costs + 50% change in net load payments (only zones with decrease in net load payments)
		Capacity Benefit: 70% change in capacity costs + 30% change in net capacity payments all zones	Capacity Benefit: 50% change in capacity costs + 50% change in net capacity payments all zones	Capacity Benefit: 50% change in capacity costs + 50% change in net capacity payments (only zones with decrease in net capacity payments)
		Total Benefit= Energy + Capacity Benefit		
Lower Voltage Projects	100% to zones with decreased net load payments	Energy Benefit: 70% change in production costs + 30% change in net load payments(only zones with decrease in net load	Energy Benefit: 50% change in production costs + 50% change in net load payments(only zones with decrease in net load	Energy Benefit: 100% change in net load payments (only zones with decrease in net load payments)
		Capacity Benefit: 70% change in capacity costs + 30% change in net capacity payments (only zones with decrease in net capacity payments)	Capacity Benefit: 50% change in capacity costs + 50% change in net capacity payments (only zones with decrease in net capacity payments)	Capacity Benefit: 100% change in net capacity payments (only zones with decrease in net capacity payments)
		Total Benefit= Energy + Capacity Benefit		
		Total Benefit= Energy + Capacity Benefit		

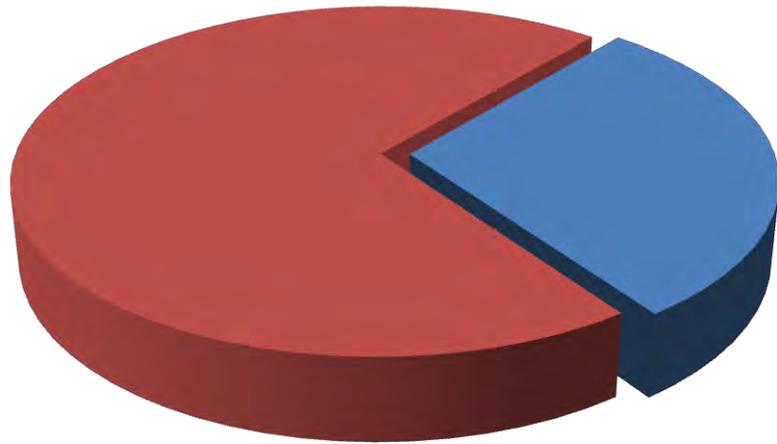
- Can you support changing the Benefit Determination to Package 10?



86.5% Support Package 10

Voting Result - Qualifies as Main Motion

- (POLL) Do you support maintaining the Status Quo in Market Efficiency - Benefit Determination (Package 1)?



■ Yes - 38
■ No - 93

29% Support Status Quo

Polling Result – Low support for current method



Market Efficiency - Generator Expansion

Design Elements A+D

- Design Element A (Status Quo): Include all ISA. Scale existing units based on location and technology to meet Reserve Requirement
- Design Element D: Include actual transmission upgrades for congestion that arises from scaling assumptions.

Design Elements B+D (PJM Recommended)

- Design Element B: Include all ISA and FSA. Scale existing units based on location and technology to meet Reserve Requirement. Review of FSA units for exceptions.
- Design Element D: Include actual transmission upgrades for congestion that arises from scaling assumptions.

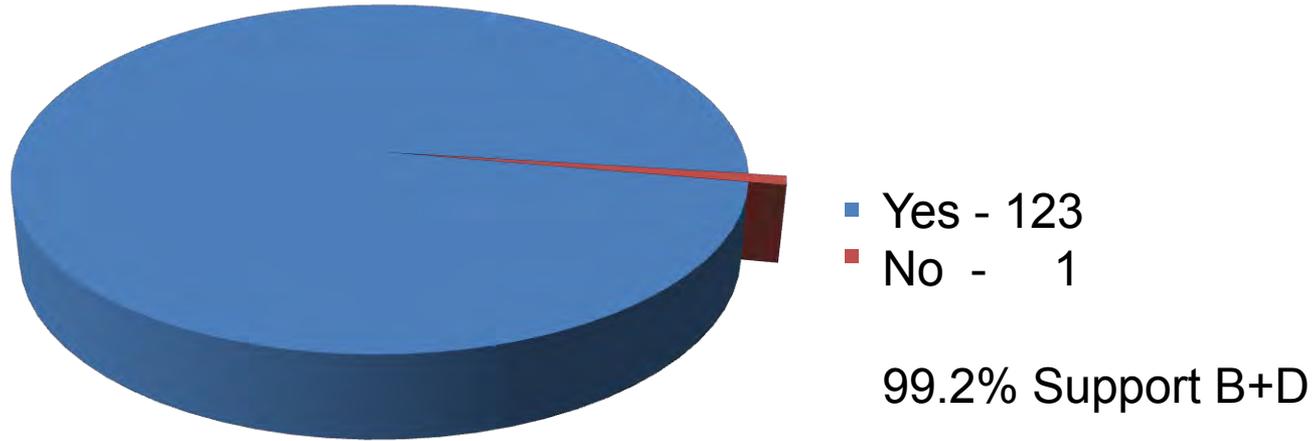
Design Elements D+G

- Design Element D: Include actual transmission upgrades for congestion that arises from scaling assumptions.
- Design Element G: Include all ISA. Add units on HV system based on location and technology to meet Reserve Requirement.

- Transparent TEAC Stakeholder Process for consideration of FSA Units
- PJM publishes list of FSA units for inclusion/removal from simulations
- Formal agenda item to permit informed stakeholder discussion, comment and review
- PJM to publish final cases and studies with list of FSA units included

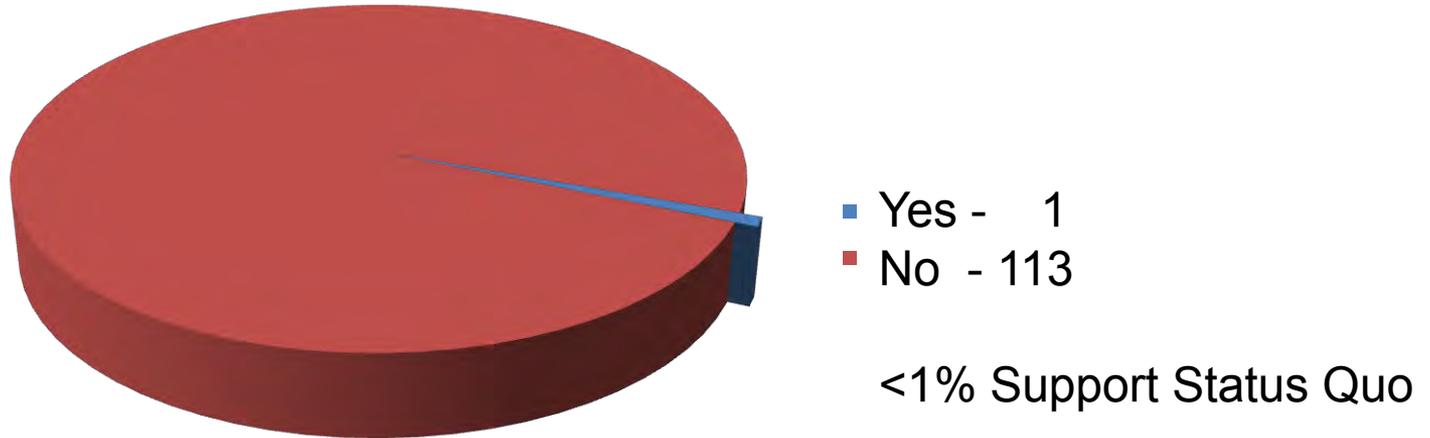
Do you support changing the method of future generation expansion to include option (B+D)?

- Design Element B: Include all ISA and FSA. Scale existing units based on location and technology to meet Reserve Requirement. Review of FSA units for exceptions.
- Design Element D: Include actual transmission upgrades for congestion that arises from scaling assumptions.



Voting Result - Qualifies as Main Motion

(POLL) Do you support maintaining the Status Quo in Market Efficiency - Generation Expansion (A only)?



Polling Result – Suggest current methods require change

Proposed Production Costs definition change

- Production Costs definition: *Estimated total annual fuel costs, variable O&M costs, and emission costs of the dispatched resources in the PJM Region. **Costs for purchases from outside of the PJM area and sales to outside the PJM area will be captured if appropriate. Purchases will be valued at the Load Weighted LMP and sales will be valued at the Generation Weighted LMP.***

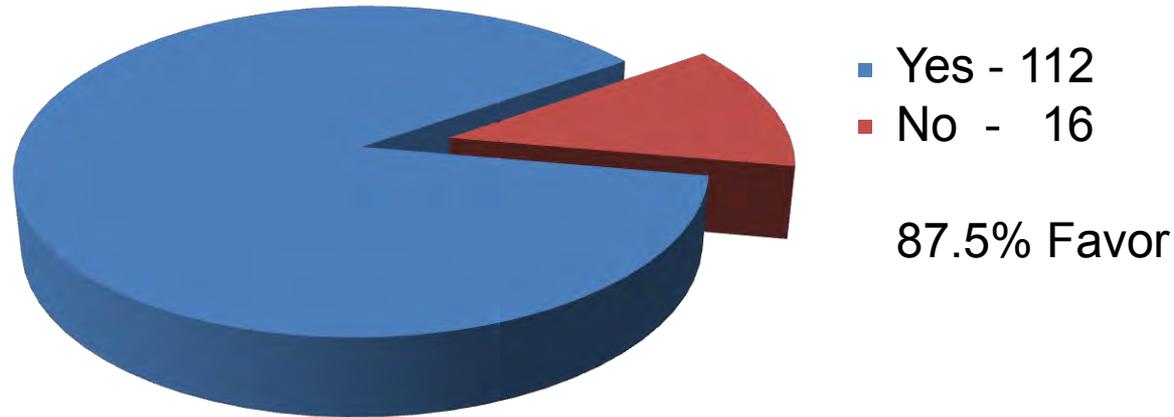
- *Consensus Achieved at December RPPTF Meeting.*
 - *Tier 1 Consensus re-confirmed May 6th meeting.*



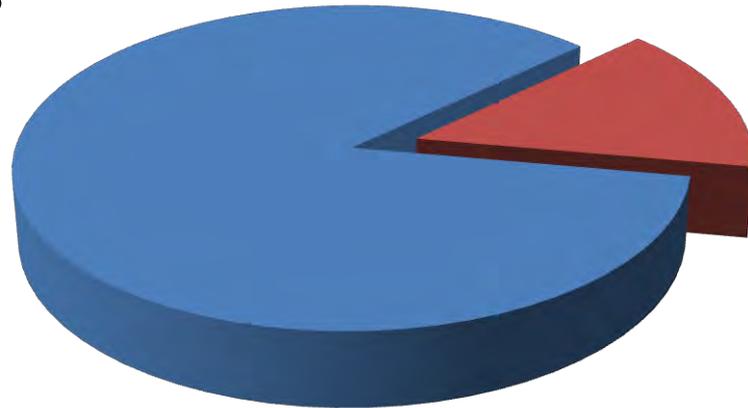
Multi-Driver Approach

- PJM's planning processes support identification and potential combination of Reliability (R) and Market Efficiency (ME) Projects
- Public Policy (PP) projects may be pursued under the "State Agreement" approach
- RPPTF is discussing potential opportunities, methods and cost apportionment to support implementation of a broader Multi-Driver Approach within PJM's existing regional planning process.
(integration and combination of R, ME & PP)

- *Do you support implementation of a Multi-Driver Approach that will provide for an integration of Public Policy projects, with Reliability and Market Efficiency projects within PJM's existing regional planning process?*



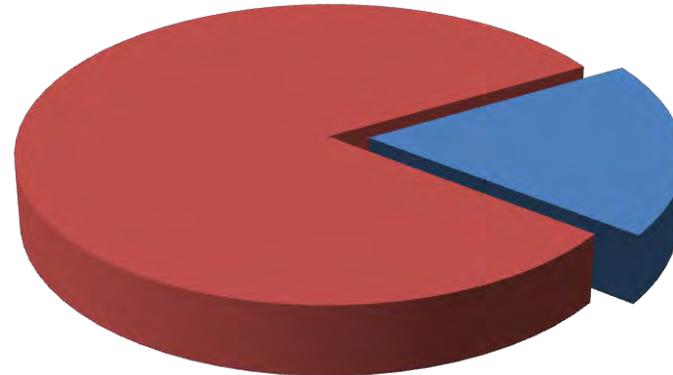
- If an otherwise identified Reliability and or Market Efficiency Project were to be enhanced, made bigger or more robust as the result of inclusion of a Public Policy Upgrade (“upgrade” term yet to be defined), would you support cost apportionment that is a) Incremental or b) Proportional?*



■ Incremental - 109
■ Proportional - 19

85.2% Favor Incremental

- To the extent that a resulting Multi-Driver solution was developed in a manner that is a completely separate solution (meaning a new project not containing any of the previously identified and viable Reliability, Market Efficiency and Public Policy elements), would you support apportionment of the costs associated with the Public Policy portion be treated a) Incrementally or b) Proportionally?*



■ Incremental 24
■ Proportional 104

81.3% Favor Proportional

- PJM Order No. 1000 Compliance Filing - October of 2012
 - Commission issued its Order on March 22, 2013
 - Directed PJM to submit certain compliance filings within 120 days or no later than July 22, 2013.
 - RPPTF – Stakeholders have been discussing and sharing positions

- Additionally, Commission issued an extension to all transmission providers to submit Order No. 1000 interregional compliance filings until July 10, 2013

PJM/NYISO –

- Current JOA provides for interregional planning through the Northeastern ISO/RTO Planning Coordination Protocol (Protocol).
- Protocol is a three party Agreement between PJM, NYISO and ISO-NE.
- Enhancements to the Protocol, consistent with the requirements of Order No. 1000 have been drafted and been reviewed with RPPTF stakeholders.
- In addition to the Northeast Planning Protocol, changes to the PJM/NYISO JOA are also being considered.



FERC No. Order 1000 – Interregional Status

PJM/MISO – Article IX of the MISO/PJM JOA provides:

- for coordinated regional transmission expansion planning and administration of planning activities,
- data and information exchange and coordinated system planning,
- allocation of cost for both reliability and market efficiency projects.
- Enhancements to Article IX of the JOA have been drafted and reviewed with stakeholders.
- Recently, MISO took the position that the criteria for cross border reliability projects along with the associated provisions for cross border reliability project cost allocation, should be removed from the Agreement. PJM does not agree with the MISO position.
- Discussions between PJM and MISO on the matter are continuing.

PJM/SERTP –

- PJM has also been having discussions with the Southeast Regional Transmission Planning (SERTP) region
- A strawman for compliance has been developed
- Consistent with the compliance strawman, revisions to the tariff that are being drafted.
- PJM does not plan to supersede the existing joint operating agreements entered into with its neighbors

