



## **Transmission Penalty Factors**

### **Issue Charge**

#### ***Problem/Opportunity Statement***

Attached.

#### ***Issue Source***

See Problem Statement.

#### ***Stakeholder Group Assignment***

Market Implementation Committee

#### ***Key Work Activities***

1. Review the current practices related to the use of transmission constraint penalty factors, including the details of discretionary line limit changes, the application of transmission penalty factors and how transmission penalty factors affect locational marginal prices.
2. Define the principles of market pricing that should apply under conditions when load is expected to exceed relevant line ratings and define the relevant line ratings.
3. Develop clear rules that define PJM actions related to the details of discretionary line limit changes, the application of transmission penalty factors and how transmission penalty factors affect locational marginal prices.
4. Develop implementing Tariff and Manual changes.

#### ***Expected Deliverables***

Revised Tariff and Manual language.

#### ***Expected Overall Duration of Work***

Work to address this problem can be completed within three months.