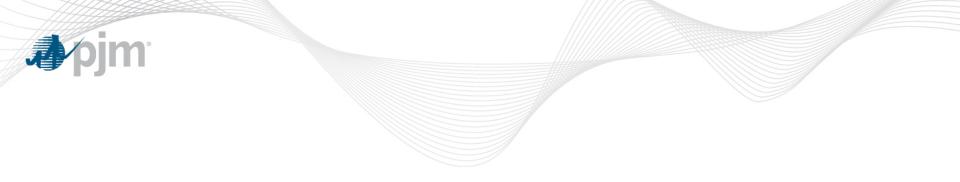


Transmission Expansion Advisory Committee Market Efficiency Update

February 12, 2015

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Market Efficiency Long Term Proposal Window Update



2014 RTEP Long Term Proposal Window: Market Efficiency

- Long Term Proposal Window closes on Friday, February 27,2015.
 - Proposals and pre-qualification documents
- Reactive Interfaces
 - > Market Reactive Interfaces are used in PJM markets as thermal proxies for voltage control.
 - Market Efficiency posted modeling document was updated with more details of the calculation used to determine the Market Efficiency Reactive Interface ratings.
 - Reactive Interface ratings calculated from PV analysis, Historical data, and PJM market/operations input.
 - > Actual operational ratings change every 5 minutes
 - > Market Efficiency only uses summer/winter ratings.
 - Most important for participants to measure the Incremental impact of proposed projects on Reactive Interfaces.
 - Power flow used for PV analysis added to secure site.

http://www.pjm.com/planning/rtep-development/powerflow-cases/base-line-cases.aspx

Market Efficiency Timeline

	Year 0													Year 1									
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	Update significant assumptions (Y0, Y4, Y7, Y10, Y1															10, 11							
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2014-2015 24-Month Market Efficiency Cycle Timeline

- Long Term proposal window: November 2014 February 2015
- Analysis of proposed solutions: March 2015 November 2015
 - Determination of major assumptions (i.e. Load forecast, Fuel prices, Generators) that are significantly different in 2015 and can be used in sensitivity analysis for proposed projects: March 2015
 - Independent consultant review of cost and ability to build
 - Review of analysis with TEAC: June 2015-November 2015
- Determination of Final projects: December 2015
 - Final review with TEAC and Board approval
 - Projects may be approved earlier if analysis and review complete

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2015 12-Month Market Efficiency Cycle

- 12 month cycle used to complete near-term (year 1 through year 5) analysis to identify approved RTEP projects that can be accelerated or modified based on Market Efficiency criteria.
- PJM only effort and requires no stakeholder effort.
 - Comments are always welcomed

<u>Timeline</u>

- Develop Market Efficiency 2016 and 2020 cases: January 2015-April 2015
 - > Update of 2015 and 2019 Long Term Proposal Market Efficiency cases
- Analysis of approve RTEP projects for accelerations and modifications: May 2015-August 2015
- Determination of final candidates: August 2015-November 2015
- Recommendation to PJM Board: December 2015
 - > Projects may be approved earlier if analysis and review complete



Questions?

Email: <u>RTEP@pjm.com</u>