

Existing paragraph at the bottom of page 41 and top of page 42 of Manual 14B:

To test the assumptions used in the development of the PJM Installed Reserve Margin, electrically cohesive load areas must first be defined. The historical implementation of this test based these areas on Transmission Owner service territories and larger geographical zones comprised of a number of those service territories. Current study areas include the definition of smaller areas, within service territory boundaries. These areas were defined based on the impact of generators, potentially within the area and on the contingencies known to limit operations in the area. Similar techniques may be used to form future new areas to establish incentives for infrastructure that promotes reliability. These procedures are consistent with the changing nature of load responsibility under wholesale and retail access and provide a wider range of information about the performance of the Transmission System as electrical areas of different sizes are evaluated. The sequence of evaluating areas of differing size involves nesting small sub-areas into larger areas and finally areas into larger geographical areas of PJM to help identify the interrelationships between local and large geographical area deliverability problems. PJM, through the Reliability Planning Criteria Working Group, will review the procedure for determining new area boundaries especially in light of the integration of ComEd, AEP, Dayton, Duquesne and Dominion into PJM since May 2004.

Proposed redlined section based on existing paragraph:

To test the assumptions used in the development of the PJM Installed Reserve Margin, electrically cohesive load areas must first be defined. The historical implementation of this test based these areas on Transmission Owner service territories and larger geographical zones comprised of a number of those service territories. Current study areas include the definition of smaller areas, within service territory boundaries. These areas, known as Locationa
Deliverability Areas (LDAs) were defined based on the impact of generators, potentially within the area and on the contingencies known to limit operations in the area. Similar techniques may be used to form future new areas to establish incentives for infrastructure that promotes reliability.

Specifically, the following triggers will be utilized to determine whether PJM will propose the addition of a LDA. PJM may propose the addition of an LDA if either of the following criteria are met:

- RTEP Market Efficiency Analysis

Constrained facilities will be identified utilizing the market efficiency analysis. Facility constraints that are not resolved by an existing approved RTEP upgrade are identified for further consideration. PJM may propose a new LDA when annual market efficiency analysis identifies persistent congestion on a 500kV or above facility or interface for multiple years beyond the next BRA

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- RTEP Long Term Planning

Future constrained facilities or clusters of facilities are identified utilizing the long-term planning analysis. Potential facilities are screened using thresholds that are utilized in the RTEP long-term planning studies. This analysis is updated annually based on approved RTEP upgrades. 500 kV and above facilities that advance more than three years between RTEP cycles are identified for further consideration. If the driver for a 500 kV facility advancing more than three years is linked to a specific event (e.g. significant generation retirement), it may require further analysis.

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▲ Once a facility has been identified utilizing the above methods, distribution factor analysis is utilized to determine the specific buses included in the proposed LDA. The model used to determine the load bus distribution factors would include all approved RTEP upgrades. A distribution factor cutoff is established based on one of the existing LDAs, and is dependent upon an analysis of the specific system topology and the identified constrained facility(s).

With the specific busses defined as described above, load deliverability analysis would be completed to determine if the CETL of the proposed LDA is less than 115% of the CETO. If the CETL is less than 115% of the CETO, the new LDA would be recommended to be included in future RPM and RTEP analysis.

These procedures are consistent with the changing nature of load responsibility under wholesale and retail access and provide a wider range of information about the performance of the Transmission System as electrical areas of different sizes are evaluated. The sequence of evaluating areas of differing size involves nesting small sub-areas into larger areas and finally areas into larger geographical areas of PJM to help identify the interrelationships between local and large geographical area deliverability problems. ~~PJM, through the Reliability Planning Criteria Working Group, will review the procedure for determining new area boundaries especially in light of the integration of ComEd, AEP, Dayton, Duquesne and Dominion into PJM since May 2004.~~

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