

Market Efficiency Update

Market Simulation
December 31, 2024



2024 Market Efficiency Annual Re-evaluation IEC (9A) Project (B2743, B2752)

- Transource IEC (9A) Project has been suspended since September 21, 2021 due to siting risks and therefore not included in the models pending any future developments in the regulatory process.
- PJM is required by Schedule 6 of the Operating Agreement (OA) to “annually review the cost and benefits” of Board-approved market efficiency projects that meet certain criteria to assure that a project continues to be cost beneficial.
- On Nov. 26, 2024, PJM filed with FERC a request for a waiver of the timing requirement associated with the 2024 Re-evaluation because the model was infeasible and additional time is needed to include RTEP projects that are expected to be approved in first quarter of 2025.
 - FERC did not issue an order by December 31, 2024 and therefore PJM completed the 2024 Re-evaluation Analysis using the only feasible market efficiency model presently available, which is the same model used in the 2023 Re-evaluation presented at the June 2024 TEAC.

- The results of the 2024 Re-evaluation Analysis are the same as the results from the [2023 Re-evaluation Analysis](#) because the model used in the 2023 Re-evaluation is the latest available feasible model despite known changed system conditions.
 - B/C Ratio of 0.81 (B/C ratio = 1.09 when sunk costs are excluded).
 - Significant impacts may be presently and temporarily masked by reliability and other issues which are being addressed by RTEP projects that are expected to be approved in first quarter of 2025.

- PJM recommends retention of the Transource IEC (9A) Project in a suspended state in the RTEP for reasons including:
 - changed system conditions including substantially increased load forecasts and generation deactivations;
 - newly approved transmission system enhancements and not-yet-addressed needs identified in the planning process;
 - the uncertainty facing approved transmission projects due to ongoing regulatory proceedings that may impact the development and timing of a number of proposed PJM transmission projects;
 - Transource's investment in the Project;
 - one state's (Maryland) approval of the Project; and
 - a finding by a federal court that another state (Pennsylvania) violated the United States Constitution in denying approval of the Project.
- Updated Re-evaluation for 2025 will be performed after a feasible model is available that includes RTEP projects anticipated to be approved in 2025.

Facilitator:

Jason Connell, Jason.Connell@pjm.com

Secretary:

Tarik Bensala, Tarik.Bensala@pjm.com

SME/Presenter:

Nicolae Dumitriu, Nicolae.Dumitriu@pjm.com

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Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com

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