2.6 RTEP Market Efficiency Planning

2.6.8 Ongoing Review of Project Costs

To assure that projects selected by the PJM Board for Market Efficiency continue to be economically beneficial, both the costs and benefits of these projects will periodically be reviewed, nominally on an annual basis. Substantive changes in the costs and/or benefits of these projects will be reviewed with the TEAC at a subsequent meeting to determine if these projects continue to provide measurable economic benefit and should remain in the RTEP.

For approved Market Efficiency projects included in the RTEP with a capital cost under $20M, PJM will not be required to reevaluate both updated costs and benefits annually if the updated costs cause the project’s benefit/cost ratio to remain at or above 1.25 given the original benefits. However, if the benefit/cost ratio of such projects falls below 1.25 based on PJM’s annual review of the project’s updated cost estimate, PJM will reevaluate the need for the project using both updated cost estimates and benefits. Projects with a capital cost under $20M will not be reevaluated if the updated costs do not cause the B/C ratio to fall below 1.25, given the original benefits.

As applicable, PJM will no longer be required to review updated costs and benefits of a market efficiency project once the CPCN certificate of public convenience and necessity or its equivalent is granted by the state approval. PJM will no longer be required to reevaluate any project once the CPCN certificate of public convenience and necessity or its equivalent is required by the state approval. PJM will no longer be required to reevaluate any project once the project has commenced construction activities at the project site. Notwithstanding the foregoing, completed 26% of its construction phase as described on PJM transmission construction status page.

For approved Market Efficiency projects with a capital cost under $20M, if the updated costs causes the B/C ratio to fall below 1.25, given the original benefits, PJM will reevaluate the need for the project. Projects with a capital cost under $20M will not be reevaluated if the updated costs cause the B/C ratio to fall below 1.25, given the original benefits. PJM reserves the right to reevaluate any project.

For projects with a total cost exceeding $50 million, an independent review of project costs and benefits will be performed to assure both consistency of estimating practices across PJM and that the scope of the project is consistent with the project as proposed in the Market Efficiency analysis.