RPM Longer-Term Issues – Transmission/RTEP

Problem / Opportunity Statement

During the summer and fall of 2011, PJM and the stakeholders pursued three RPM related tracks of issues: Markets and Reliability Committee (MRC) charged issues; the Tariff required Performance Assessment; and the Tariff required Triennial Review. In support of these activities, the Brattle Group produced a Performance Assessment for consideration by the stakeholders which identified several recommendations for enhancement to the RPM construct. The activities of 2011 were confined to shorter-term issues that could result in revisions to the RPM construct to support filing with the FERC in time for the 2015 Base Residual Auction. At that time stakeholders indicated interest in identifying and pursuing some of the longer-term recommendations of the Brattle Assessment, as well as other stakeholder identified longer-term issues. A process for identifying and refining the suggested issues was undertaken, and this Issue Charge addresses one set of these identified issues: **Transmission/RTEP**. Specific topics for consideration are included in the Key Work Activities.

Issue Source

Longer-term RPM related issues identified subsequent to the 2011 RPM related stakeholder activities.

Stakeholder Group Assignment

This issue is assigned to the Capacity Senior Task Force (CSTF) reporting to the MRC.

Key Work Activities

The CSTF will investigate the items identified in the appendix to this Issue Charge, and develop a recommendation for the MRC's consideration on whether RPM rules should be modified related to these items. Should the MRC endorse this recommendation, the CSTF should then develop proposed Tariff, Reliability Assurance Agreement and Manual revisions to implement such recommendations.

Expected Deliverables

The Capacity Senior Task Force (CSTF) will identify specific recommended changes to RPM rules related to Transmission/RTEP issues, and if directed by the MRC, will produce proposed Tariff, Reliability Assurance Agreement and Manual revisions to implement such revisions.

Expected Overall Duration of Work

This effort is expected to conclude by 2/1/2013 to support FERC filing and approval prior to the 2016 Base Residual Auction.

Decision-making Method

Stakeholders will seek Tier 1, consensus (unanimity) on a single proposal (preferred default option), or if not able to reach consensus, Tier 2, multiple alternatives.

Appendix – Transmission/RTEP

#	Subtopic	Item	Additional Description
5	QTU Parity	Qualifying Transmission Upgrade participation in RPM	Refer to separately posted problem statement
77		Examine the Transmission project milestone / certification process used in RPM to determine what requirements backbone transmission projects must meet to be included in the BRA and IA auctions.	Considering the status of Susquehanna – Roseland delays, is the current process sufficient?
6	CETL	Options to Increase CETL Transparency:	Provide CETL Forecasts, Make Models Available
7	CETL	Options to Increase CETL Stability:	Identify Successive Limiting Transmission Elements, Facilitate Cost-Effective Upgrades, Develop RTEP Deadband (RPPTF?)
8	Model Design	Modeling Transmission in RPM	Determining Which LDAs to Model in Auctions, More Flexible Ways to Represent Transmission in RPM Auctions, Defining LDAs Based on Transmission Topology
13	CETL	CETO/CETL improvements	
32	CETL	The test for determining modeled Locational Deliverability Areas in RPM should be redefined. A detailed reliability analysis of all at risk units should be included in the redefined model.	
39	Model Design	Better coordination between RPM and transmission planning:	at present, RPM and RTEP lack adequate coordination to provide optimal outcomes; in particular, RTEP triggers transmission upgrades that fail to take account of potential new entry of generation which may distort bidder behavior in RPM auctions.
56	LDA Definition	"Get the capacity requirements right"	LDA import (CETL) limits. Explore ways to ensure that CETL is not limited by easily resolved constraints (per Brattle Review p. 117).
69	LDA Definition	Consistent with the Brattle Report, the ICC FEP Staff suggests that the modeling of transmission limits and other administrative parameters be reviewed, particularly for the base residual auctions. We suggest that this review consider whether it is possible to provide additional completion benchmarks for a transmission project before it is modeled into the parameters of an auction.	
72	Model Design	Identify mechanisms to help better align RPM with RTEP	

REVISED TABLE BASED ON 6/6/12 MEETING DISCUSSION

Number	Topic	Description	Old Reference
1	Qualifying Transmission Upgrade (QTU) participation in RPM	a) Review representation of Qualifying Transmission Upgrades (QTUs) in RPM	5
2	Transmission project milestones	a) Examine the Transmission project milestone/certification process, used in RPM, to determine if the milestones/requirements for backbone transmission projects included in the BRA and IA are stringent enough (Attachment DD 5.11.a) b) Refine definition of "backbone projects"	69, 77
3	Increase CETL Stability/ Transparency	a) Provide documentation explaining CETL assumptions b) Provide CETL with & without any major questionable projects c) Develop a method to model at risk generation in CETL/CETO d) Explore ways to ensure that CETL is not limited by easily resolved constraints (per Brattle Review p. 117). e) Review schedule & timing of CETL posting and retirement announcements f) Determine if CETL or some import ratio can be used for RPM, separate from RTEP	6, 7,13, 56
4	Modeling Transmission in RPM	a) Review current definition of LDA to verify that they represent the appropriate level of granularity to send actionable market signals to alleviate reliability concerns b) Determine which LDAs to model in auctions (can all LDA's be modeled? is there a more flexible ways to represent transmission in RPM auctions? include detailed reliability analysis of all at risk units?) c) Review LDA approval process (can new LDA's be incorporated without FERC approval?) d) Review coordination of signals sent by RTEP and RPM (ex. RTEP triggers transmission upgrades that may fail to consider potential new entry of generation which may distort bidder behavior in RPM auction) e) Review timing coordination between RTEP and RPM	8, 32, 39, 72