

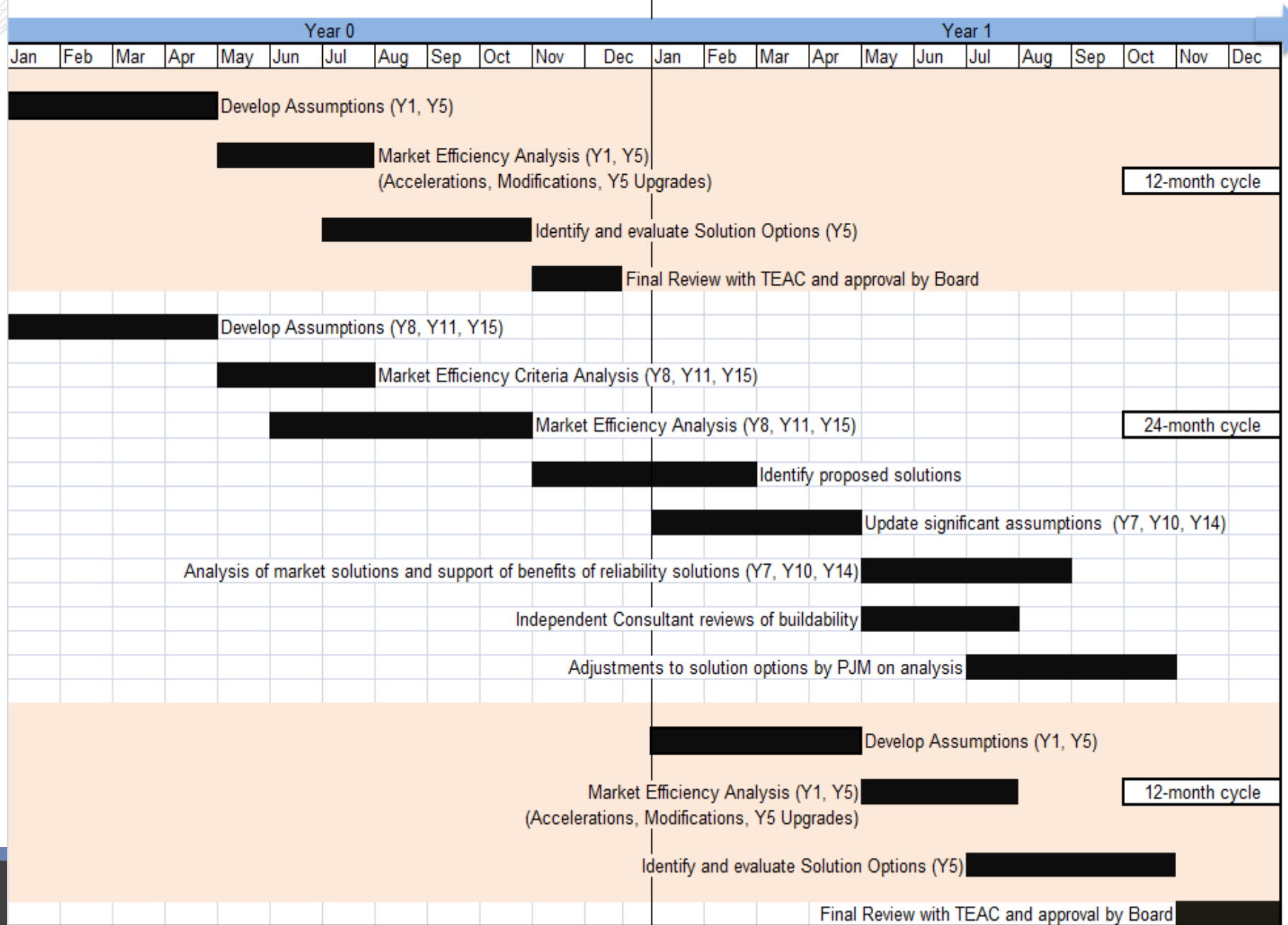
# Market Efficiency Proposed Changes

RPPTF  
May 21, 2012

## Market Efficiency Cycle

- Existing 18-month cycle
  - Overlaps RTEP cycle and continues through following year if necessary
  - Includes years 1-15
  - Change necessary to align with new RTEP 24-month cycle
- New 24-month cycle
  - Aligns with new 24-month RTEP cycle
  - Includes two 12-month cycles for years 1-5
  - 24 month cycle for years 8-15

# Market Efficiency 24 Month and 12 month Proposed Cycles



## 12 Month Cycle

- **Process and Results**
  - 6 month window for analysis of Market Efficiency needs after development of input assumptions
  - Year 1-5 acceleration, modifications, and new enhancements
  - No proposal window
  - Solutions approved at end of 12-month cycle would need to be in service in 4 ½ years (Year 5 projects)
  - Final review with TEAC and Board approval at end of each year

## 24 Month Cycle

- Process and Results
  - 6 month window for analysis of Market Efficiency needs after development of input assumptions
  - Year 8-15 new enhancements
  - 4 month proposal window
  - 8 months of analysis on proposed solutions and adjustments to solution options
    - Updates to input assumptions
    - Independent consultant review of ability to build
    - Review appropriate reliability projects for economic benefits
  - Solutions approved at end of 24-month cycle would need to be in service in 6 ½ years or longer
  - Final review with TEAC and Board approval at end of 24-month cycle



## Next Steps

- Misc. Changes
  - Review business rules and manual
  
- Language Changes
  - Tariff, Operating Agreement, and Manual