



Multi –Driver Approach Discussion

RPPTF Meeting
February 14, 2013

The following slides are intended to re-commence the RPPTF dialog on the consideration of and potential designs for a Multi-Driver Approach within PJM's current Planning Processes.

Key terms regarding apportionment –

- Incremental (direct)
- Parallel (proportional)
- Hybrid (combination of direct and proportional)
- Hybrid A (alternative combination of proportional)

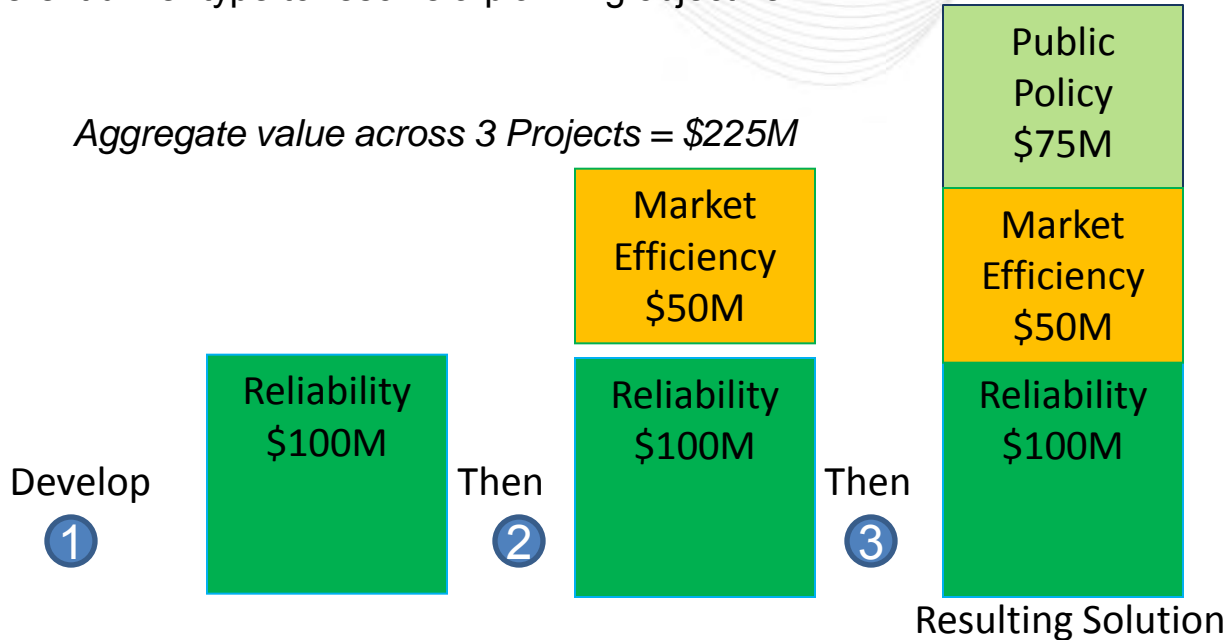
Note: The following Use Cases are illustrative and intended to drive dialog around the apportionment concepts and the interplay of Reliability (R), Market Efficiency (ME), and Public Policy (PP) projects.

Multi-Driver Approach– Questions Framing the Use Cases

1. Would you support an “incremental” assignment of benefit to contemporaneous projects of different driver type to resolve a planning objective?
2. Would you support an assignment of benefit by “apportionment” across contemporaneous projects of differing driver type to resolve a planning objective?
3. Would you support an “incremental” assignment of benefit to the combination of projects (e.g Reliability and Market Efficiency) to resolve a reliability planning objective coupled with an “apportionment” assignment for projects resolving other drivers (e.g. public policy and generation interconnection)?

Would you support an “incremental” assignment of benefit to contemporaneous projects of different driver type to resolve a planning objective?

Aggregate value across 3 Projects = \$225M



Approach suggests an incremental (direct) apportionment by driver type

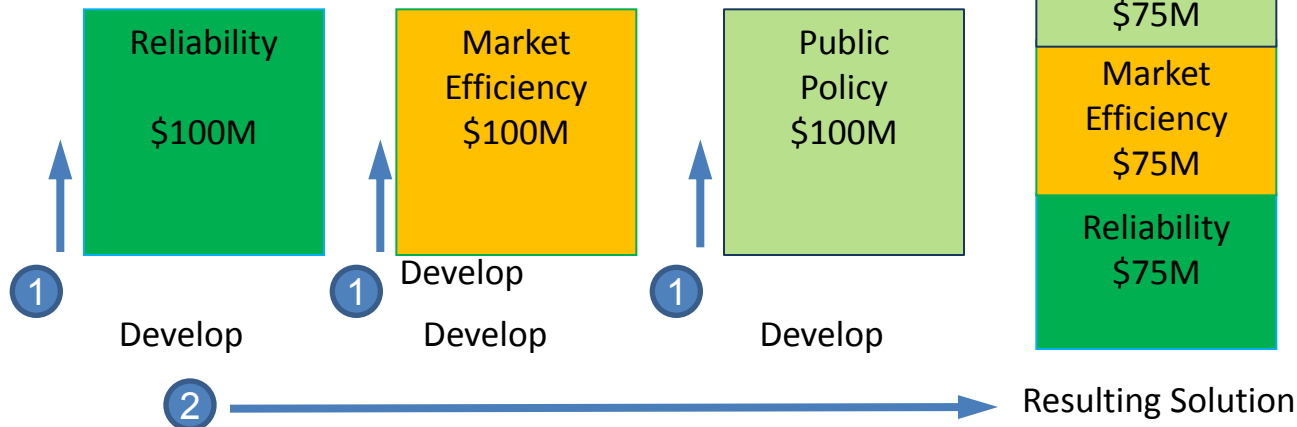
Apportioned as follows:
 $R = \$100M$
 $ME = \$50M$
 $PP = \$75M$

Order of solution development and analysis of apportionment

Use Case #2 – “Parallel Only”

Would you support an assignment of benefit by “apportionment” across contemporaneous projects of differing driver type to resolve a planning objective?

Approaches developed and valued in isolation (Value = \$300M). Aggregate value across 3 Projects = \$225M

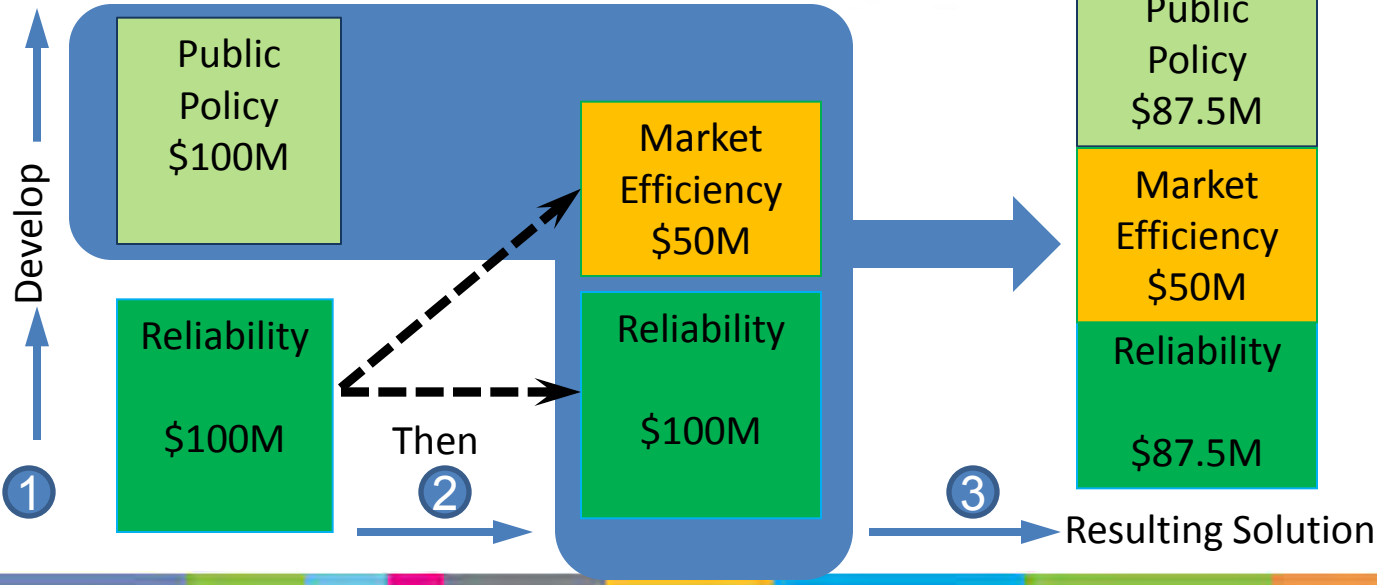


Approach suggests a parallel (proportional) apportionment by driver

Apportioned as follows:
 $R = \$75M$
 $ME = \$75M$
 $PP = \$75M$

Would you support an “incremental” assignment of benefit to the combination of projects (e.g Reliability and Market Efficiency) to resolve a reliability planning objective coupled with an “apportionment” assignment for projects resolving other drivers (e.g. public policy and generation interconnection)?

*R & PP approach developed, then R + ME developed.
Value = \$250M. Final aggregate value = \$225M*

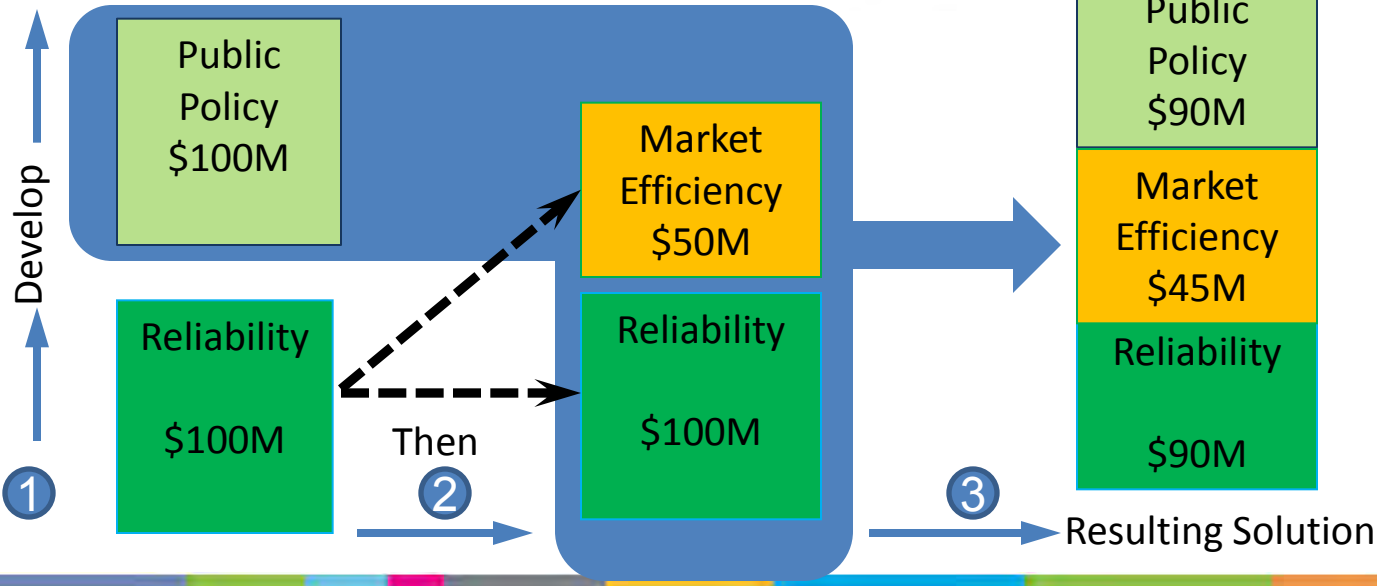


Apportionment is Incremental for R & ME and proportional for PP

Apportioned as follows:
R = \$87.5M
ME= \$50M
PP = \$87.5M

Would you support an alternative “apportionment” assignment of benefit to the combination of projects (e.g. Reliability, Market Efficiency, and Public Policy)

*R & PP approach developed, then R + ME developed.
Value = \$250M. Final aggregate value = \$225M*



Apportionment is Incremental for R & ME and proportional for PP

Apportioned as follows:
R = \$90M
ME = \$45M
PP = \$90M

			R	ME	PP	Total
Project Value in Isolation (Millions)			\$100	\$100	\$100	\$300
Use Case 1	Incremental		\$100	\$50	\$75	\$225
Use Case 2	Parallel		\$75	\$75	\$75	\$225
Use Case 3	Hybrid		\$87.5	\$50	\$87.5	\$225
Use Case 3a	Hybrid A		\$90	\$45	\$90	\$225

- Generation Interconnection
- Operational Performance
- Aging Infrastructure
- Other?