



Regional Planning Process Task Force Meeting

Toll-free call-in number 866-398-2885

Passcode: 332134

WebEx Link:<https://pjm.webex.com>

Password:rpp0506pjm

May 6, 2013

9:30 a.m.-3:30 p.m., Eastern
Standard Time

- Call to Order, Announcements, Roll call 30 min
 - Review Action Items
 - Admin – PJM No Meeting Day (May 20)
- Review of RPPTF Voting Materials 10:00 - Lunch
 - Market Efficiency
 - Benefit Determination Packages
 - Generator Expansion
 - Production Cost Definition
 - “Poll” on Status Quo
 - Multi-Driver Approach
 - Review Alternatives for Multi-Driver Approach
 - Review definitions (Incremental, Parallel, etc.)
 - Production Cost Revised Definition
- FERC Order on Order 1000 Compliance Filings 1:00 - 3:30p.m.
 - Brief Status
 - “Upgrade” Definition – Discussion, Feedback, Drafting
 - Review of Stakeholder “significant” items (Please e-mail in advance of meeting)
- Action Items, RPPTF Tasks and Schedule, Adjourn 10 min



Action Items - Status

#	Owner	Status	Date Opened	Date Closed	Item
Administration					
Market Efficiency					
4	PJM	Pending	24-Apr		Respond to specific question posed by Roy Shanker regarding adjusted production cost
Interregional Coordination					
Multi-Driver Approach					
8	PJM	Open	14-Mar		Provide review on two Hybrid "con's" (notated in deck)
Filings/FERC Orders					
4	RPPTF Stakeholders	Open	18-Apr		Share Stakeholder's identification of "significant items" on Order 1000 task list

Questions: For modification of production costs definition. Imports.

- *Is it load weighted LMP by proxy bus for the imports, and if not what is the load weighting? For example, is it load weighted by some subset of generation or all generation load weighting? I should point out that while use of LMP for imports (particularly by proxy bus) is directly analogous to production costs; generation weighted LMP is not analogous to production cost. It should be difference in generation production cost between the with and without cases.*

Answer:

- *It will be load weighted by all loads for the zone on which the imports come into and gen-weighted by all generators in zone for which the export comes out of. The benefit/cost tests will always be a measurement of delta of before and after upgrade and if the adjusted production cost method is used then the delta in adjusted production costs will be used.*



RPPTF – Market Efficiency Resumption of Consideration & Voting Information

Market Efficiency Changes - Recommendations to MRC

- Vote required to determine main motion at MRC
- Package with highest majority > 50% becomes main motion at MRC
- Remaining option(s) with majority > 50% become minor motions

Benefit Determination Vote (May support both options):

1. Can you support changing the Benefit Determination to Package 4?
2. Can you support changing the Benefit Determination to Package 10?

Generation Expansion Vote (May support all options):

1. Can you support changing the method for future generation modeling to include option D (A+D)?
2. Can you support changing the method for future generation modeling to options B+D?
3. Can you support changing the method for future generation modeling to options D+G?

Package 4 Description

- Regional Energy Benefit: 50% change in production costs + 50% change in net load payments all zones.
- Regional Capacity Benefit: 50% change in capacity costs + 50% change in net capacity payments all zones.
- Lower Voltage Energy Benefit: 50% change in production costs + 50% change in net load payments for zones with decrease in net load payments.
- Lower Voltage Capacity Benefit: 50% change in capacity costs + 50% change in net capacity payment for zones with decrease in net capacity payments.

Package 10 Description

- Regional Energy Benefit: 50% change in production costs + 50% change in net load payments for zones with decrease in net load payments.
- Regional Capacity Benefit: 50% change in capacity costs + 50% change in net capacity payment for zones with decrease in net capacity payments.
- Lower Voltage Energy Benefit: 100% change in net load payments for zones with decrease in net load payments.
- Lower Voltage Capacity Benefit: 100% change in net capacity payment for zones with decrease in net capacity payments.



Market Efficiency- Benefit Determination – Final Packages for Vote

Design Element	Current	Package 4	Package 10
1 Benefit Determination: Regional Project	Total Benefit= Energy + Capacity Benefit		
	Energy Benefit: 70% change in production costs + 30% change in net load payments all zones	Energy Benefit: 50% change in production costs + 50% change in net load payments all zones	Energy Benefit: 50% change in production costs + 50% change in net load payments (only zones with decrease in net load payments)
	Capacity Benefit: 70% change in capacity costs + 30% change in net capacity payments all zones	Capacity Benefit: 50% change in capacity costs + 50% change in net capacity payments all zones	Capacity Benefit: 50% change in capacity costs + 50% change in net capacity payments (only zones with decrease in net capacity payments)
	Total Benefit= Energy + Capacity Benefit		
2 Benefit Determination: Lower Voltage Project	Total Benefit= Energy + Capacity Benefit		
	Energy Benefit: 70% change in production costs + 30% change in net load payments(only zones with decrease in net load payments)	Energy Benefit: 50% change in production costs + 50% change in net load payments(only zones with decrease in net load payments)	Energy Benefit: 100% change in net load payments (only zones with decrease in net load payments)
	Capacity Benefit: 70% change in capacity costs + 30% change in net capacity payments (only zones with decrease in net capacity payments)	Capacity Benefit: 50% change in capacity costs + 50% change in net capacity payments (only zones with decrease in net capacity payments)	Capacity Benefit: 100% change in net capacity payments (only zones with decrease in net capacity payments)
	Total Benefit= Energy + Capacity Benefit		

Design Elements A+D

- Design Element A (Status Quo): Include all ISA. Scale existing units based on location and technology to meet Reserve Requirement
- Design Element D: Include actual transmission upgrades for congestion that arises from scaling assumptions.

Design Elements B+D (PJM Recommended)

- Design Element B: Include all ISA and FSA. Scale existing units based on location and technology to meet Reserve Requirement. Review of FSA units for exceptions.
- Design Element D: Include actual transmission upgrades for congestion that arises from scaling assumptions.

Design Elements D+G

- Design Element D: Include actual transmission upgrades for congestion that arises from scaling assumptions.
- Design Element G: Include all ISA. Add units on HV system based on location and technology to meet Reserve Requirement.

- Permit PJM to remove select FSA units from Market Efficiency analysis
 - Reduces modeling error due to completion, technological or timing risks resulting from large generation (e.g. nuclear generation station) or FSA-related transmission ($\geq 500\text{kV}$) projects
 - Remove FSA units that are suspended or with announced retirements
 - Review with Stakeholders final Market Efficiency model changes for FSA units

Productions Costs definition change (*Reviewed with no objections at December RPPTF*)

- Production Costs definition: *Estimated total annual fuel costs, variable O&M costs, and emission costs of the dispatched resources in the PJM Region. **Costs for purchases from outside of the PJM area and sales to outside the PJM area will be captured if appropriate. Purchases will be valued at the Load Weighted LMP and sales will be valued at the Generation Weighted LMP.***
- *Consensus Achieved at December RPPTF Meeting.*
 - *Re-Confirm Tier 1 Consensus*

- **Background** – *PJM currently has established processes for evaluating the potential combination of Reliability (R) and Market Efficiency (ME) projects to ensure a reliable, cost effective transmission grid spanning the PJM region.*

Over the past several months, the Regional Planning Process Task Force has considered, discussed and debated a number of factors relating to refining PJM's transmission planning processes. Specifically – the task force has considered methods for inclusion of Public Policy (PP) projects and whether a formal Multi-Driver Approach that incorporates PP projects should be adopted.

On May 6th , the RPPTF will hold a session to discuss and prepare for a formal vote on adoption of an integrated Multi-Driver Approach. The vote will be conducted and conclude on May 14. Following are the draft questions that will be voted upon:

Question

- *Do you support the implementation of a Multi-Driver Approach that will integrate Public Policy projects within PJM's existing regional planning processes?*

Answer

- *Yes No Abstain*

Assuming a Multi-Driver Approach was favored and to be implemented

Question

- *If an otherwise identified Reliability or Market Efficiency Project were to be enhanced, made bigger or more robust as the result of inclusion of a Public Policy Upgrade (“upgrade” term yet to be defined), would you support cost apportionment that is a) Incremental or b) Proportional?*

Answer

- A B Abstain

Question

- *To the extent that a resulting Multi-Driver solution was developed in a manner that a completely separate solution (meaning a new project not containing any of the previously identified and viable Reliability, Market Efficiency and Public Policy elements) , would you support apportionment of the costs associated with the Public Policy portion be treated a) Incrementally or b) Proportionally?*

Answer

- A B Abstain

Assuming a Multi-Driver Approach was favored and to be implemented:

- *Add Key: insert definitions for incremental and proportional.*
- *Any other definitions or business rules that should be outlined?*

- *Update on PJM response and Interregional activities*
- *37 Compliance Items - discussion*
- *Feedback from stakeholders on significant items*
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- **Objectives**
 - *Set principles for this defined term*
 - *Take guidance from other parties (example – MISO) and FERC Comments*
 - *Review general principles – document self-evident or common cases*
 - *Review specific or unique principles – capture and document likely/new ideas arising from transmission development by non-incumbents*
 - *Document any exceptions*
 - *Consider how this definition fits within our Order 1000 response obligations and how it is/will be used in our Multi-Driver Approach cases*
 - *Note – additional slides to be posted later today*

Anti-trust:

You may not discuss any topics that violate, or that might appear to violate, the antitrust laws including but not limited to agreements between or among competitors regarding prices, bid and offer practices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that might unreasonably restrain competition. If any of these items are discussed the chair will re-direct the conversation. If the conversation still persists, parties will be asked to leave the meeting or the meeting will be adjourned.

Code of Conduct:

As a mandatory condition of attendance at today's meeting, attendees agree to adhere to the PJM Code of Conduct as detailed in PJM Manual M-34 section 4.5, including, but not limited to, participants' responsibilities and rules regarding the dissemination of meeting discussion and materials.

Public Meetings/Media Participation:

Unless otherwise noted, PJM stakeholder meetings are open to the public and to members of the media. Members of the media are asked to announce their attendance at all PJM stakeholder meetings at the beginning of the meeting or at the point they join a meeting already in progress. Members of the Media are reminded that speakers at PJM meetings cannot be quoted without explicit permission from the speaker. PJM Members are reminded that "detailed transcriptional meeting notes" and white board notes from "brainstorming sessions" shall not be disseminated. Stakeholders are also not allowed to create audio, video or online recordings of PJM meetings.