



Market Efficiency Process Enhancement Task Force

Phase 3

Packages A4, B4, C1

Draft OA and OATT Changes

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Markets and Reliability Committee (MRC)
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Schedule 6, Section 1.5.7 Development of Economic-based Enhancements or Expansions

- Added new paragraph (iv) to subsection 1.5.7(c) about identifying and presenting to Transmission Expansion Advisory Committee the list of constraints associated with historical congestion to be evaluated in the market efficiency analysis
- Added new subsection 1.5.7(k) describing the Regional Targeted Market Efficiency Process:
 - Project capital cost < \$20 million
 - In-service date no later than the third-summer peak season
 - Benefits based on average historical congestion from the two calendar years prior to the study year
 - 4-years of benefits fully cover project capital cost

Schedule 6, Section 1.5.8 Development of Long-lead Projects, Short-term Projects, Immediate-need Reliability Projects, and Economic-based Enhancements or Expansions

- Added new subsection 1.5.8(q) describing the exemption from the competitive window process

Note: See “Item 03 - MEPETF Package A4 OA Schedule 6 Revisions – Redline” for proposed OA changes

Schedule 6, Section 1.5.7 Development of Economic-based Enhancements or Expansions

- Added new paragraph (ii) to subsection 1.5.7(c) mandating sensitivity studies to be utilized in the evaluation process
 - Sensitivity studies to be utilized in the B/C Ratio calculations will be presented to Transmission Expansion Advisory Committee as part of the Market Efficiency inputs assumptions
- Modified subsection 1.5.7(d) to specify using weighted average of benefits in the B/C Ratio calculation
 - Benefits calculated as weighted average of base case and applicable sensitivity studies as defined in 1.5.7(c)(ii)
- Modified subsection 1.5.7(j) to allow additional informational sensitivity analyses
 - The results of such informational sensitivity analyses will be presented to the Transmission Expansion Advisory Committee

Note: See “Item 03 - MEPETF Package B4 OA Schedule 6 Revisions – Redline” for proposed OA changes

Schedule 6, Section 1.5.7 Development of Economic-based Enhancements or Expansions

- Expanded the list of economic constraints from subsection 1.5.7(b) to include Reliability Pricing Model constraints identified in accordance to OATT Attachment DD Section 15
- Modified subsection 1.5.7(d) to allow for independent determination of Energy and Reliability Pricing Model benefits:
 - For transmission projects relieving Energy Market Economic Constraints
Total Annual Enhancement Benefit = Total Annual Energy Market Benefit
 - For transmission projects relieving Reliability Pricing Model Economic Constraints
Total Annual Enhancement Benefit = Total Annual Reliability Pricing Model Benefit
 - For transmission projects relieving both Energy Market and Reliability Pricing Model Economic Constraints
*Total Annual Enhancement Benefit = Total Annual Energy Market Benefit +
Total Annual Reliability Pricing Model Benefit*

Note: See “Item 03 - MEPETF Package C1 OA Schedule 6 Revisions – Redline” for proposed OA changes

The Office of the Interconnection shall include in its planning period parameters report, posted on its website in February of each year, the following information for the transmission upgrades it identifies to address easily resolvable constraints under this Section 15, if any: (1) a description of each easily resolvable constraint; (2) the limiting transmission elements responsible for each such easily resolvable constraint; (3) an explanation of why the transmission elements responsible for each such easily resolvable constraint identified are limiting; (4) a list of the easily resolvable constraint transmission upgrades undertaken as well as the cost, location, and the entity(ies) undertaking each such upgrade; and (5) the impact of these projects on that Delivery Year's planning parameters.

Following each Base Residual Auction, the Office of the Interconnection shall review each LDA that has a Locational Price Adder to determine if Planned Generation Capacity Resources, Planned Demand Resources, or Qualifying Transmission Upgrades submitted Sell Offers that cleared in such auction. If a Locational Price Adder results from the clearing of an LDA for two consecutive Base Residual Auctions, and no such planned resources or upgrades clear in such auctions for such LDA, then the Office of the Interconnection shall evaluate in the RTEP process the costs and benefits of a transmission upgrade that would reduce to zero the Locational Price Adder for such LDA. ~~Such evaluation will compare the cost of the upgrade over ten years against the value of elimination of the Locational Price Adder over such period. If such upgrade is found to be feasible and beneficial, it shall be included in the RTEP as soon as practicable. The annual costs of such upgrade shall be allocated as specified in Schedule 6 of the Operating Agreement.~~

Obsolete language proposed to be deleted due to inconsistency with Operating Agreement Schedule 6 1.5.7(d)

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