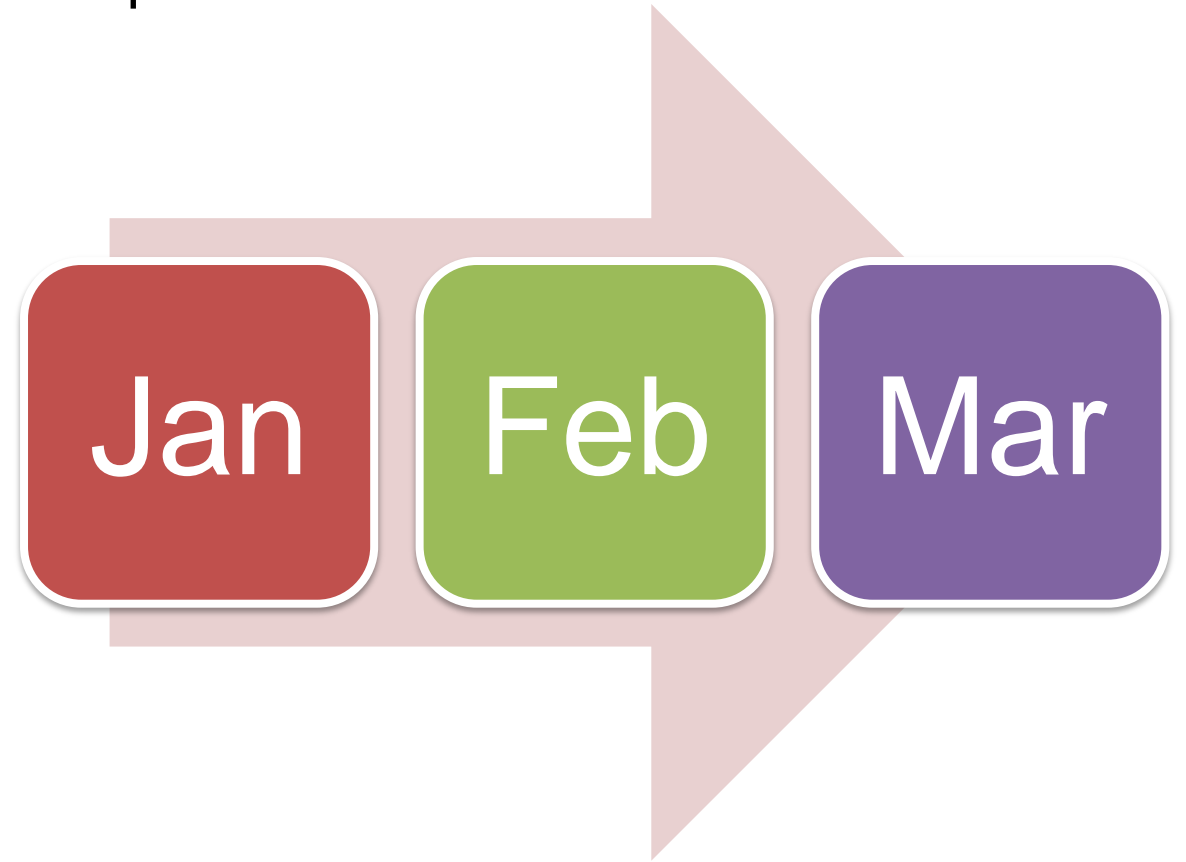


# Discussion on Poll Results

Brian Chmielewski  
Manager, Market Simulation  
MEPETF  
January 7, 2019

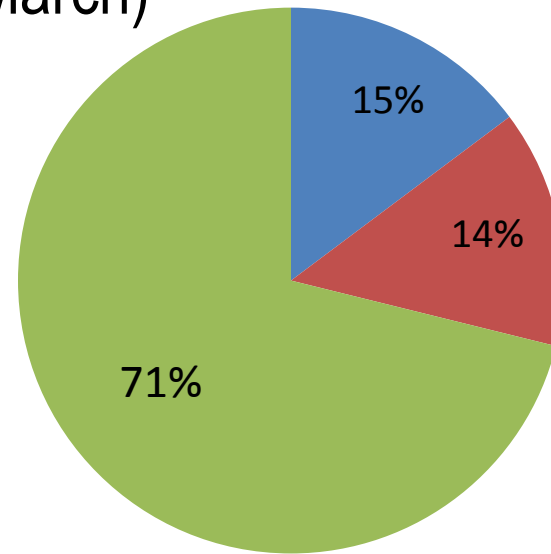
- Poll results show lack of consensus for an 18-month Market Efficiency cycle and Regional Targeted Market Efficiency Project (RTMEP) concept
- PJM is recommending to shift focus to the following:
  - Enhance existing 24-month cycle given support for 90+ day window length and interregional coordination concerns
  - Define evaluation criteria to address significant historical gross congestion based on existing governing document language

- Market Efficiency window and mid-cycle update
- Historical congestion drivers
- PJM strawman proposal

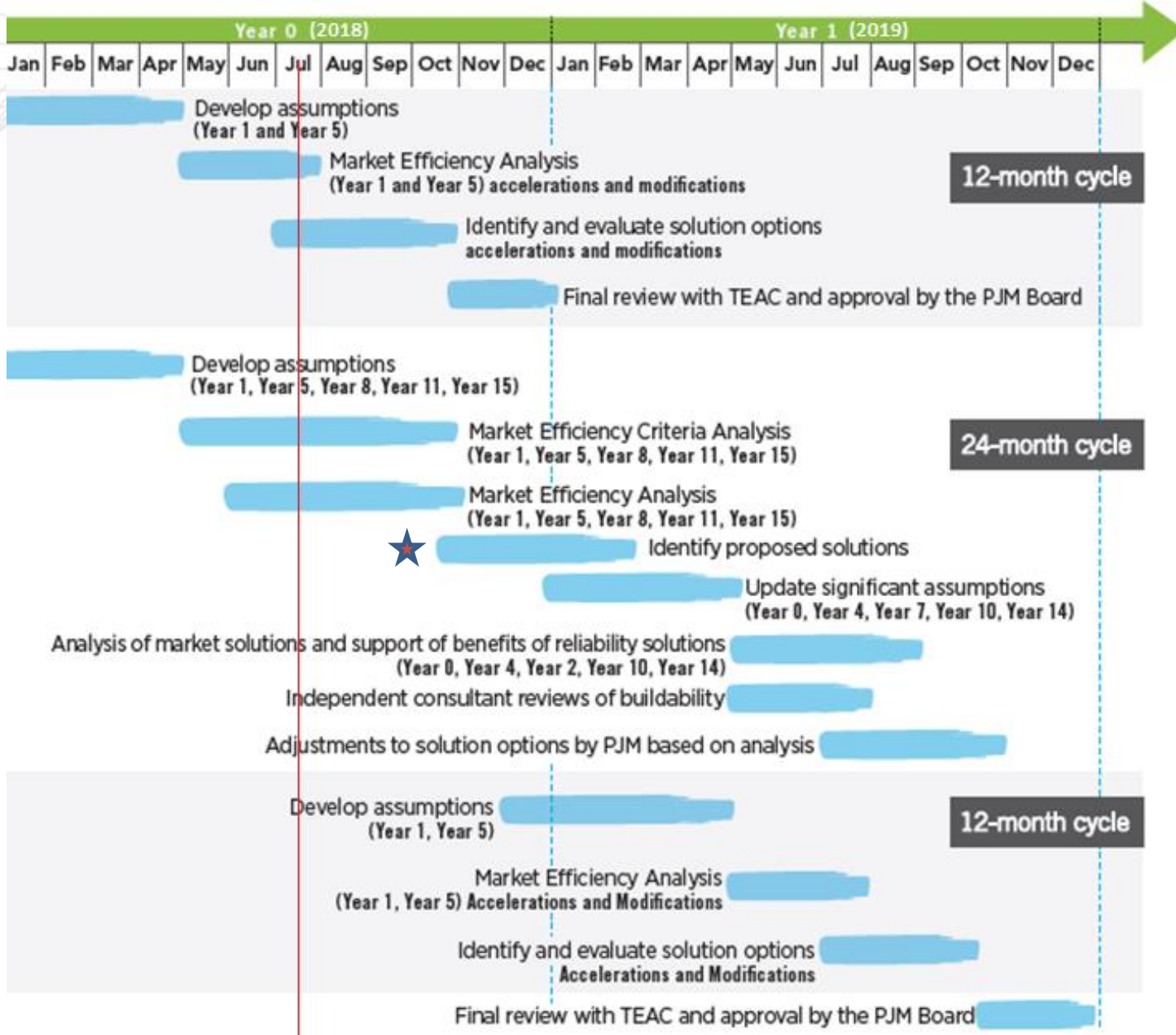


- Poll results show significant support for a 24-month cycle, with a shifted 120-day window open January - April
  - Benefit of being open through mid-cycle update (early April)
  - Compresses project evaluation timeline by two months (can be addressed by shifting the cycle to start March)

*Poll results for 24-month cycle, but shifting the opening of the four-month proposal window from November 1 to early January*



■ May Be Able to Support ■ Cannot Support ■ Can Support



# Current Market Efficiency Timeline

- 12-month Cycle
  - Acceleration Analysis
  - FTR Credit
- 24-month Cycle
  - Input assumptions
  - Base case development
  - Develop target congestion
  - Proposal submission
  - Evaluation
  - Approval

- Poll results show lack of consensus for a new, structured RTMEP process
- Current OA language provides PJM with the ability to identify congestion drivers based on significant gross historical congestion, but does not outline specific evaluation criteria for (1) and (2), Schedule 6 Section 1.5.7(b):

*Economic constraints include, but are not limited to, constraints that cause: (1) significant historical gross congestion; (2) pro-ration of Stage 1B ARR requests as described in section 7.4.2(c) of Schedule 1 of this Agreement; or (3) significant simulated congestion as forecasted in the market efficiency analysis.*

Component	Status Quo	PJM Modification	Justification
Market Efficiency Window	24-Month, 120-day window NOV-FEB	24-Month, 120-day window JAN-APR	Lessens mid-cycle update impact
Market Efficiency Cycle Start/End	Starts January even years. Ends with Board Approval December odd years	Starts March even years. Ends with Board Approval February even years	Allows completing analysis on time. Previous window completed in FEB.
Criteria to Address Historical Congestion	None	TBD process to evaluate B:C	Clarification of existing OA language
Project Reevaluation Criteria	All projects shall be evaluated annually	\$20M cost threshold; CPCN received or 20% complete	Eases administrative burden

- Refine proposals – January 25
- Additional proposals / comments – February 1
- Final proposal presentations – February 8
- Final non-binding poll for March PC – mid February
- Review non-binding poll results & task force recommendation to PC – February 28