

Project Reevaluation – Package A

PJM Operating Agreement requires PJM to review the costs and benefits of constructing new economic-based enhancements or expansions included in the Regional Transmission Expansion Plan, on an annual basis. The reevaluation process, however, is very complicated due to the large number of market efficiency projects in the RTEP, the undefined order in which the projects have to be reevaluated, and the uncertainty regarding other assumptions including transmission topology, generation, fuel costs and facility expected in-service dates.

Package A for project reevaluation recommends that PJM only reevaluate projects with a capital cost of \$50M or higher. For projects with a cost less than \$50M, if project cost increases such that the B/C ratio (given the original benefits) falls below 1.25, then PJM will study the impacts of cancelling the project.