



Capacity Senior Task Force Final Proposal Report

November 20, 2012

Timing of Triennial Review

The CSTF will review the timing of the Triennial Review as well as the endorsement procedures.

1. Recommended Proposal

During the summer and fall of 2011, PJM and the stakeholders pursued three RPM related tracks of issues: Markets and Reliability Committee (MRC) charged issues; the Tariff required Performance Assessment; and the Tariff required Triennial Review. In support of these activities, the Brattle Group produced a Performance Assessment for consideration by the stakeholders that identified several recommendations for enhancement to the RPM construct. The activities of 2011 were confined to shorter-term issues that could result in revisions to the RPM construct to support filing with the FERC in time for the 2015 Base Residual Auction. At that time, stakeholders indicated interest in identifying and pursuing some of the longer-term recommendations of the Brattle Assessment, as well as other stakeholder identified longer-term issues. A process for identifying and refining the suggested issues was undertaken, and one of the issues identified was the timing of the Triennial Review as well as the endorsement procedures.

The Capacity Senior Task Force began working the issue in July 2012 and has reached Tier 1 consensus, where all consenting parties can accept or will not object to the proposed solution. The key components of the solution include the following updates to the current tariff provisions:

- The review will be conducted in 2014 and then every four years thereafter (currently 2014 and every three years thereafter)
- PJM Staff will propose recommendations by July 15 to provide additional time for stakeholder review & feedback (currently there is a September 1 deadline).

The group discussed conducting the review every three years or every five years but ultimately decided that every four years was the appropriate length of time. This frequency allows the review to be conducted in conjunction with the Avoidable Cost Rate (ACR) study.

2. Supplemental Documents

Solutions Matrix (posted with 11/19/2012 meeting materials)

Draft Tariff Language will be provided at the December MRC meeting