

7.5 Simultaneous Feasibility.

(a) The Office of the Interconnection shall make the simultaneous feasibility determinations specified herein using appropriate powerflow models of contingency-constrained dispatch. Simultaneous feasibility determinations shall take into account outages of both individual generation units and transmission facilities and shall be based on reasonable assumptions about the configuration and availability of transmission capability during the period covered by the auction that are not inconsistent with the determination of the deliverability of Generation Capacity Resources under the Reliability Assurance Agreement. The goal of the simultaneous feasibility determination shall be to ensure that there are sufficient revenues from Day-ahead Energy Market Transmission Congestion Charges to satisfy all Financial Transmission Rights Obligations for the auction period under expected conditions and to ensure that there are sufficient revenues from the annual Financial Transmission Right Auction to satisfy all Auction Revenue Rights Obligations. To ensure revenue sufficiency, the powerflow model used for simultaneous feasibility determinations is a markets model that uses flows caused by sources and sinks of requested Auction Revenue Rights (including Incremental Auction Revenue Rights) or Financial Transmission Rights, as well as market limits (as described in section (b) below) to determine the capability available to accommodate financial rights that are simultaneously feasible. The markets model differs from both an operations model, which uses physical generators or load, and a planning model, which uses expected physical generators or load.

(b) Simultaneous feasibility determinations pursuant to this section utilize applicable market limits. Market limits may differ from physical facility ratings to reflect expected market capability and to align expected Financial Transmission Rights total target allocations with expected congestion, and to ensure sufficient revenues are collected from the Day-ahead Energy Market Transmission Congestion Charges to satisfy all Financial Transmission Rights obligations. To account for historical market impacts, market limits may reflect (without limitation) such factors as requested and awarded Auction Revenue Rights, Incremental Auction Revenue Rights and Financial Transmission Rights, uncompensated powerflow, external flowgate entitlements or limits, transfer limits of the type appropriate for reactive interfaces, operational considerations, voltage limitations and/or closed loop interfaces. Market limits also are based on reasonable assumptions about the configuration and availability of transmission capability during the study period, including (without limitation) scheduled or expected transmission outages. The market limits are applied to facilities modeled in an Auction Revenue Rights allocation, Financial Transmission Rights auction or Incremental Auction Revenue Rights study and may result in operative constraints that establish different limits than physical (e.g., thermal or voltage) ratings. As used here, an operative constraint results when a market limit binds in the powerflow model and constrains the grant of Auction Revenue Rights, Incremental Auction Revenue Rights or Financial Transmission Rights.

(c) On an annual basis the Office of the Interconnection shall conduct a simultaneous feasibility test for stage 1A Auction Revenue Rights, which shall assess the simultaneous feasibility for each year remaining in the term of the right(s). This test shall be based on the Auction Revenue Rights required to meet Zonal Base Load sixty percent (60%) of peak load in each Zone requirements. The Office of the Interconnection shall apply a zonal load growth rate to

the simultaneous feasibility test for the ten year term of the stage 1A Auction Revenue Rights to reflect load growth as estimated by the Office of the Interconnection.

(d) Simultaneous feasibility tests for new stage 1 resource requests made pursuant to Section 7.6 of Schedule 1 of this Agreement shall ensure that the request for a new base resource does not increase the megawatt flow on facilities binding in the current Auction Revenue Rights allocation or in future stage 1A allocations and does not cause megawatt flow to exceed applicable ratings on any other facilities in either set of conditions. The most limiting set of conditions will be used as the limiting condition in these evaluations. A simultaneous feasibility test conducted pursuant to this section by the Office of the Interconnection shall assess the simultaneous feasibility under the following conditions:

- (i) Based on next allocation year with all existing stage 1 and stage 2 Auction Revenue Rights modeled as fixed injection-withdrawal pairs.
- (ii) Based on 10 year allocation model with all eligible stage 1A Auction Revenue Rights for each year including base load growth for each year.

(e) Simultaneous feasibility tests for Incremental Auction Revenue Rights requested pursuant to Operating Agreement, Schedule 1, section 7.8 and Tariff, Part VI, Subpart C, section 231 shall ensure that the request for the Incremental Auction Revenue Rights does not increase the megawatt flow on facilities binding in the current Auction Revenue Rights allocation or in future stage 1A allocations and does not cause megawatt flow to exceed applicable ratings on any other facilities in either set of conditions. The most limiting set of conditions will be used as the limiting conditions in these evaluations. A simultaneous feasibility test conducted pursuant to this section by the Office of the Interconnection shall assess the simultaneous feasibility using the following models derived from the markets model:

- (i) An Incremental Auction Revenue Rights model that is based on the existing allocation year with transmission outages removed (i.e., the transmission assumed out of service in the base markets model is assumed to be in service). All existing stage 1 and stage 2 Auction Revenue Rights are modeled as fixed injection withdrawal pairs.
- (ii) A 10 year allocation model with all eligible stage 1A Auction Revenue Rights for each year including base load growth for each year.

(f) Simultaneous feasibility tests pursuant to section (e) above utilize a transfer analysis to determine the flow impacts. The transfer analysis is performed by injecting at the source and withdrawing at the sink and measuring the impacts on the facilities. Additional details are provided in the PJM Manuals and related explanatory materials posted on the PJM website such as the PJM Whitepaper entitled “PJM Incremental Auction Revenue Rights Model Development and Analysis.”