



Market Efficiency Update

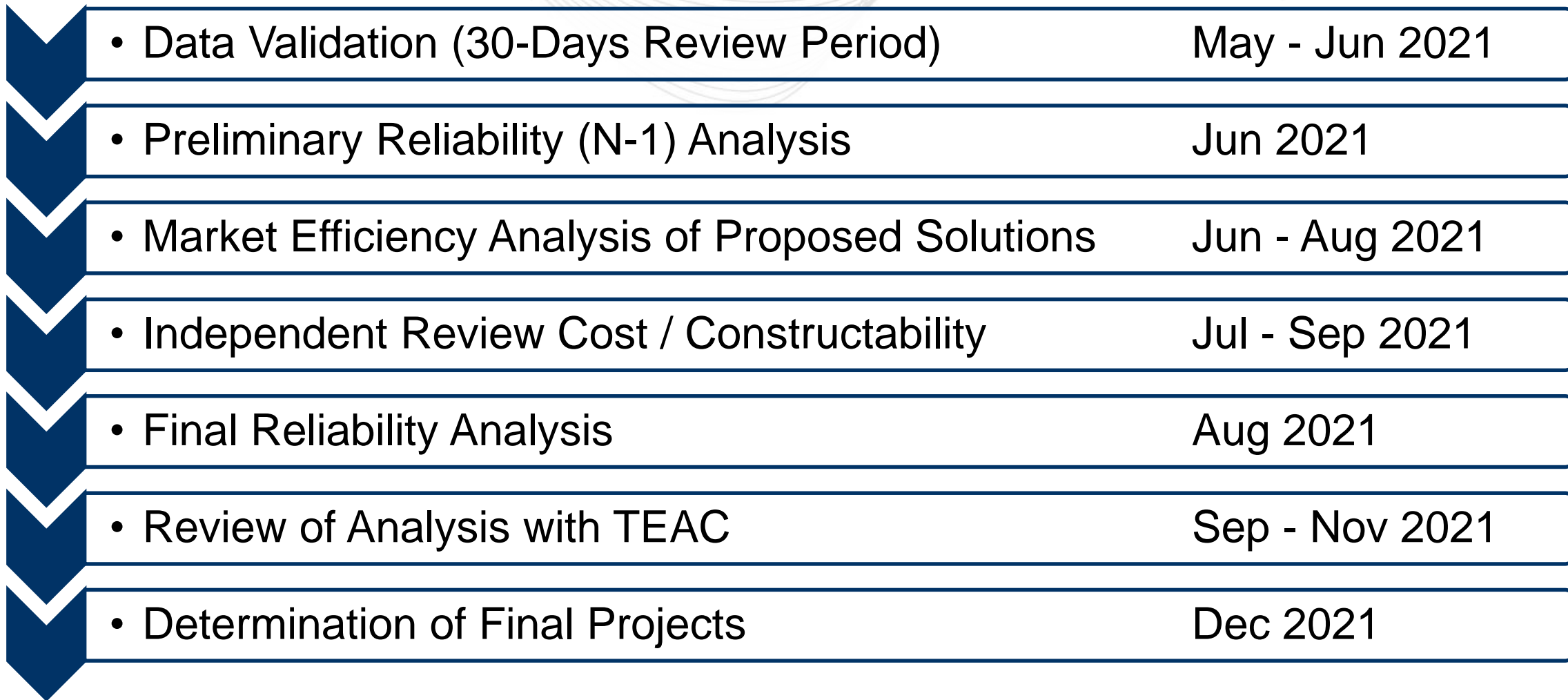
Nick Dumitriu

Market Simulation

Transmission Expansion Advisory Committee

July 13, 2021

- 2020/21 Long-Term Window
 - 24 proposals received from 7 submitting entities (10 greenfield proposals, 14 upgrades)
- Window Analysis Status
 - Data Validation (completed)
 - N-1 Preliminary Reliability Analysis (completed)
 - Market Efficiency Analysis (in-progress)
- ME-5, Charlottesville to Proffit 230 kV (DOM)
 - Constraint posted as a reliability violation in the 2021 Window 1.
 - Proposals must be submitted to the 2021 Window 1 to be included in the reliability window evaluation.

A vertical timeline graphic on the left side of the slide, composed of seven downward-pointing chevron shapes in a dark blue color. Each chevron is aligned with a horizontal bar containing a task and its corresponding time period.

• Data Validation (30-Days Review Period)	May - Jun 2021
• Preliminary Reliability (N-1) Analysis	Jun 2021
• Market Efficiency Analysis of Proposed Solutions	Jun - Aug 2021
• Independent Review Cost / Constructability	Jul - Sep 2021
• Final Reliability Analysis	Aug 2021
• Review of Analysis with TEAC	Sep - Nov 2021
• Determination of Final Projects	Dec 2021



Market Efficiency Reliability Pricing Model (RPM) Economic Constraints

- At the June 23 meeting, the Markets & Reliability Committee endorsed the proposed revisions to Manual 14B: PJM Region Transmission Planning Process and Manual 14F: Competitive Planning Process conforming to the MEPETF (Market Efficiency Process Enhancement Task Force) capacity driver docket (ER21-162).
 - Market Efficiency Reliability Pricing Model (RPM) economic constraints follow the existing OATT Att. DD, Section 15 criteria (see Appendix A).
- Following the 2022/2023 RPM Base Residual Auction Results, no RPM economic constraints has been identified to meet the posting criteria in a competitive window according to OATT Att. DD, Section 15.
 - 2022/2023 RPM Base Residual Auction Results posted on June 2, 2021
<https://www.pjm.com/-/media/markets-ops/rpm/rpm-auction-info/2022-2023/2022-2023-base-residual-auction-report.ashx>



Appendix A

Market Efficiency Capacity Drivers Criteria (OATT, Att. DD, Section 15)

OATT, Att. DD, Section 15

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.

Facilitator:
Sue Glatz,
Suzanne.Glatz@pjm.com

Secretary:
Michael Zhang,
Michael.Zhang@pjm.com

SME/Presenter:
Nick Dumitriu,
Nicolae.Dumitriu@pjm.com

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Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com

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