

Regional TMEP

Potential Examples and Competitive Models

MEPETF

November 9, 2018

- Small, low cost, short lead time upgrades to fix historical congestion
- Targeted at persistent historical congestion issues
- Criteria under consideration
 - Address persistent historical congestion related to operational challenges, which is not due to planned outages and/or is not addressed by any planned upgrades or ISA generators
 - Capital cost less than \$20M
 - To be in service by third summer season
 - Total capital cost is covered by four years of benefits
 - Benefits are calculated based on the average of past 2 years of historical congestion (Day Ahead + Balancing), adjusted for outage impacts
 - Minimize cost constructability risk and environmental impacts

Constraint	Meadow Brook to Strasburg 138 kV	
Area	APS	
Historical Congestion (\$M)	Nov'16-Oct'17	Nov'17-Oct'18
	\$1.74	\$2.67
Simulated Congestion (\$M)	2023	2026
	\$0.41	\$1.36
Project Cost cap for a 1:1 B/C Ratio (\$M) (using 4 years of historical benefits)	\$8.82	

- Option 1: New process separate from Order No. 1000
 - PJM to identify upgrade and coordinate with Transmission Owners
- Option 2: New process embedded within Order No. 1000
 - PJM to identify solution and open window for participants to bid on implementation (procurement process)
 - Sponsorship process is also an option however posted model information will be limited for historical congestion drivers

Identify

- Look back two years
- Identify congestion drivers > \$1M for each year

Filter

- Filter congestion drivers based on outages, future RTEP upgrades, future units, etc.

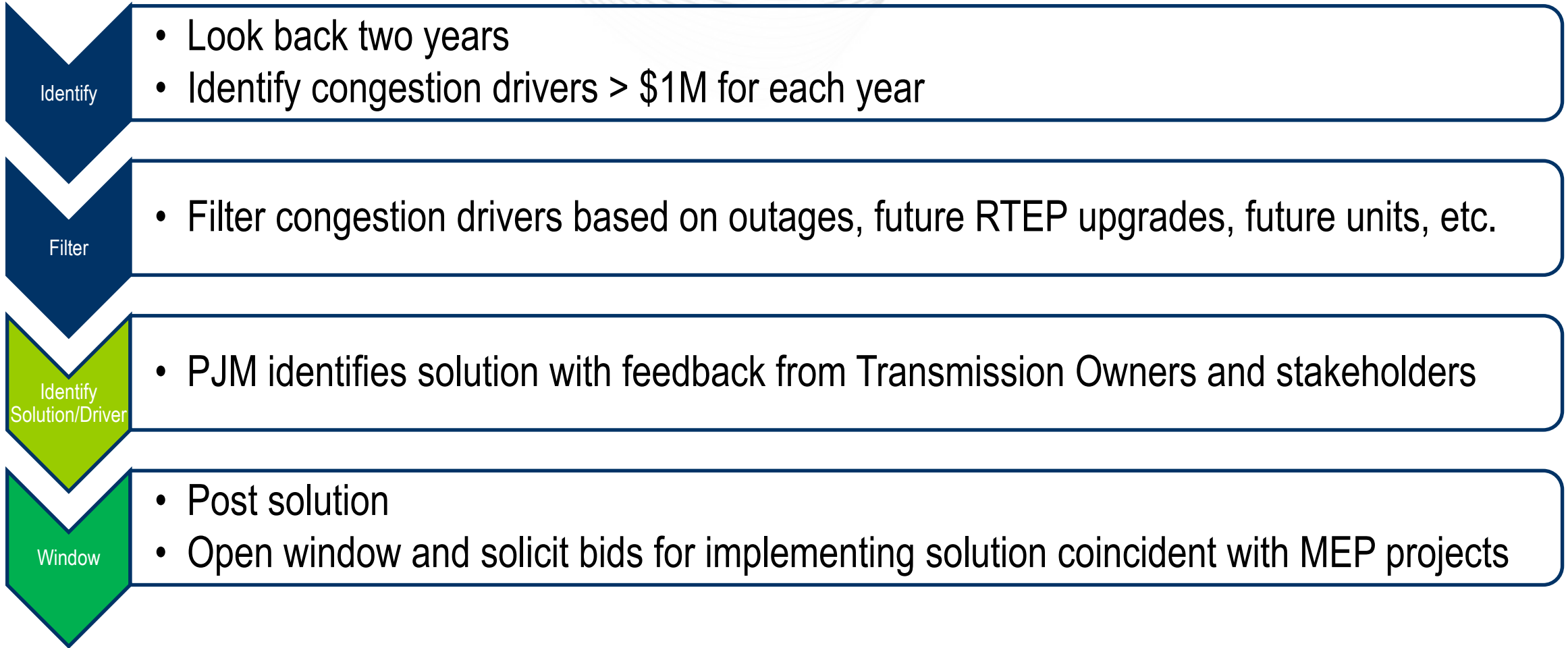
Communicate

- Post list of final candidates
- Reach out to Transmission Owners for potential upgrades
- No window process (target February Board approval)



Option 1 Timeline W/ Proposed 18-month Window

Year 0				Year 1												Year 2		
Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
Develop Assumptions																		
				Draft Base Case														
RTMEP Process								ME Analysis										
								Window										
												ME Proposal Analysis						
																TEAC & Board		



Option 2 Timeline W/ Proposed 18-month Window

Year 0				Year 1												Year 2								
Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb							
Develop Assumptions																								
				Draft Base Case																				
						ME Analysis																		
				RTMEP Process					Window															
																		ME Proposal Analysis						
																TEAC & Board								

Item	Sponsorship Model	Procurement Model
Solution Design Responsibility	Done by proposers	Solution defined by PJM, after receiving feedback from TO and stakeholders
Competitive Window Type	Participants compete on solutions to address congestion drivers identified by PJM	Participants compete on implementing the solutions identified by PJM
Evaluation Criteria	Cost Benefit Constructability ISD	Cost Constructability ISD
Window Timing	Coincident with MEP drivers	Coincident with MEP drivers