

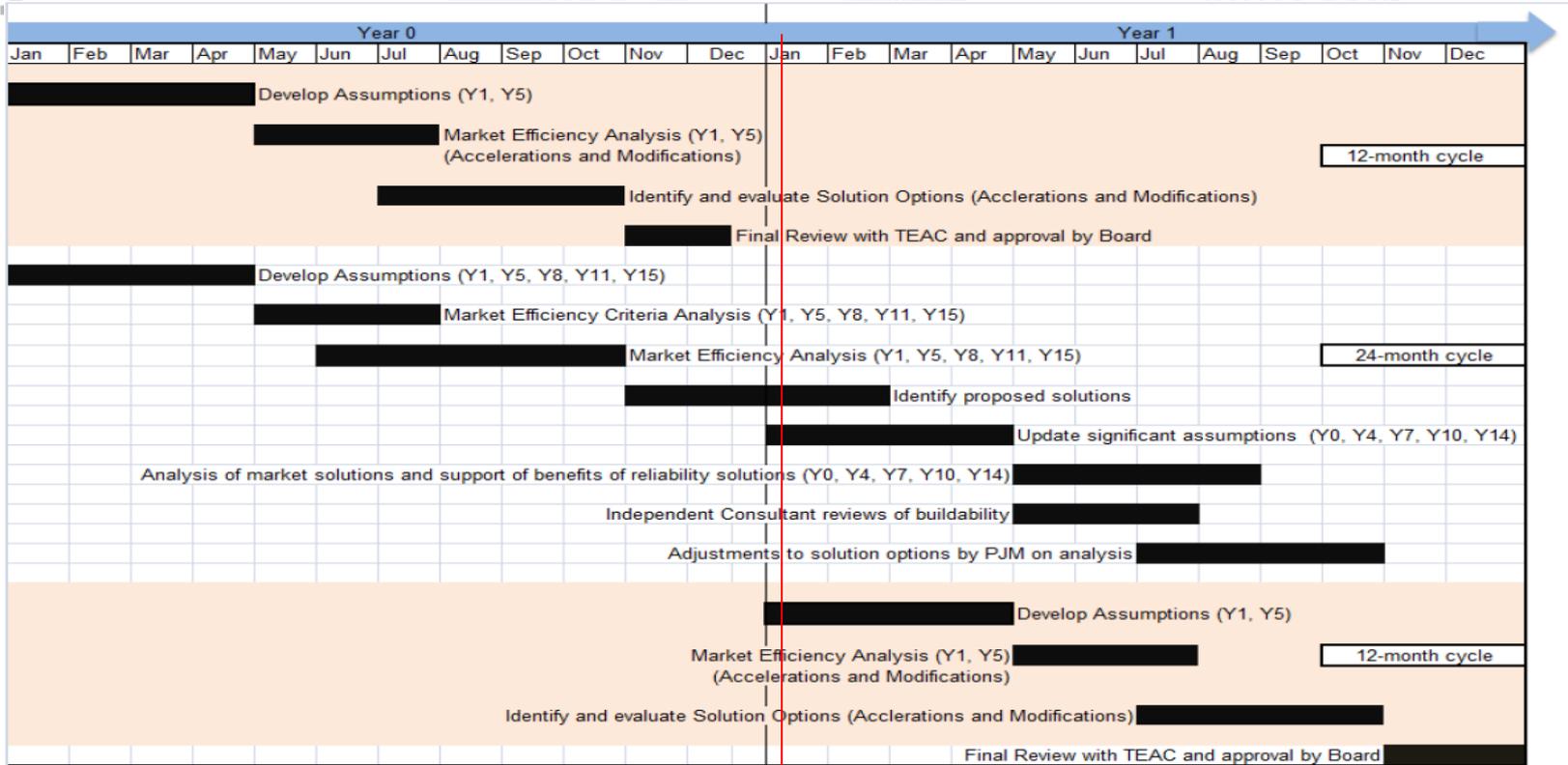


Transmission Expansion Advisory Committee Market Efficiency Update

January 12, 2017



Market Efficiency Timeline





2016-2017 24-Month Market Efficiency Cycle

- Long term proposal window: Nov 2016 - Feb 2017
- Mid-cycle update of major assumptions: Jan 2017 – Apr 2017
 - Load forecast, Demand forecast, Fuel prices, Generation expansion, Network topology
 - Only updating the most significant changes, not full update.
- Analysis of proposed solutions: May 2017 - Oct 2017
 - Independent consultant review of cost and ability to build
 - Review of analysis with TEAC: Jun 2017 - Nov 2017
- Determination of final projects: Dec 2017
 - Final review with TEAC and Board approval
 - Projects may be approved earlier if analysis and review complete

- Reevaluation Market Efficiency projects
 - Reevaluation of Market Efficiency projects approved during the 2014/2015 cycle

- Acceleration Analysis
 - Acceleration analysis to identify approved RTEP projects that can be accelerated or modified based on Market Efficiency criteria.



Mid-Cycle Update: Key Input Parameters

- Load and energy
- Demand resource
- Future generation
- Transmission topology
- Transmission constraints
- Outside regions
- Fuel prices



Mid-Cycle Update: Load & Energy Input Data

PJM zonal peak and energy forecast from 2017 Load Forecast Report

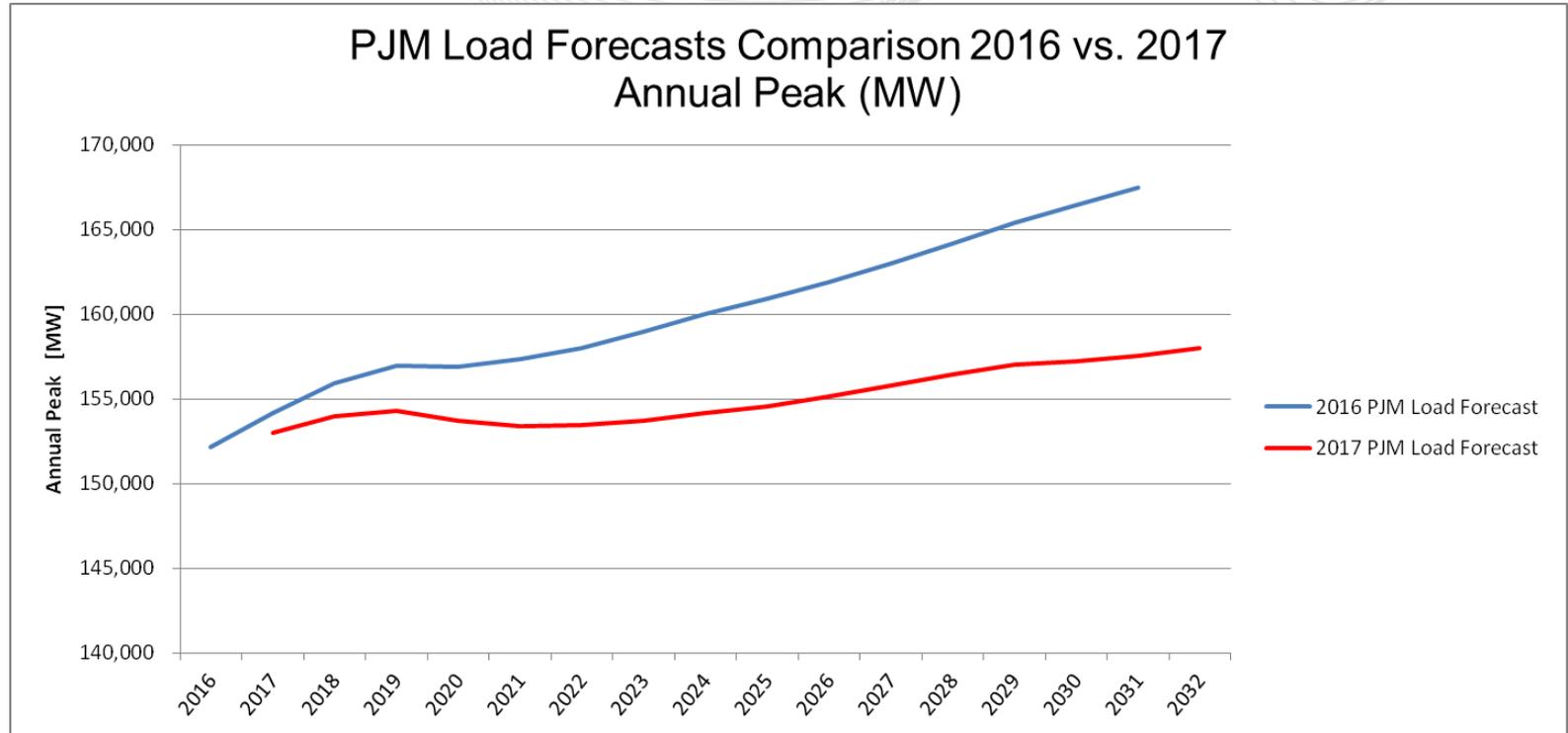
2017 PJM Peak Load and Energy Forecast

Load	2017	2021	2024	2027	2031
Peak (MW)	152,999	153,384	154,142	155,773	157,513
Energy (GWh)	814,838	820,415	827,522	835,137	845,602

Notes: 1.) Peak and energy values from PJM Load Forecast Report Table B-1 and Table E-1, respectively.

2.) Model inputs are at the zonal level, to the extent zonal load shapes create different diversity - modeled PJM peak load may vary.

Comparison 2016 and 2017 Load Forecasts





Mid-Cycle Update: Demand Resource Input Data

Model zonal demand resources consistent with Table B-7 of the 2017 Load Forecast Report

2017 PJM Demand Resource Forecast

	2017	2021	2024	2027	2031
Demand Resource (MW)	9,120	6,169	6,187	6,237	6,290

Milestone	Schedule 2016 - 2017
Reevaluation approved Market Efficiency projects	February – May 2017
Base Case Mid-Cycle Update Significant Assumptions	January – April 2017
Analyze Submitted Proposals	May – October 2017
Acceleration Analysis	May – October 2017
Final TEAC Review and Board Approval	December 2017