



Market Efficiency Process Enhancement Task Force Phase 3

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Markets and Reliability Committee
July 23, 2020

- Market Efficiency Process Enhancement Task Force
 - Approved to start work in January 2018
 - Address challenges and opportunities for improvements to Market Efficiency process since implementing FERC Order 1000 processes
- Phase 1 completed - August 2018
- Phase 2 completed - April 2019
- Phase 3
 - New Regional Targeted Market Efficiency Project Process
 - Evaluate Benefit-to-Cost Calculations
 - Separate Energy and Capacity Benefit in Calculations

Issues addressed via 3 packages

- A – Regional Targeted Market Efficiency Project (RTMEP)
 - ❖ New Process to address historical congestion
 - ❖ Continuation from Phases 1 and 2
- B -- Benefit Calculation
 - ❖ Focused on concerns with inputs to the calculation of energy and capacity benefits
- C -- Window for Capacity Drivers
 - ❖ Separate energy and capacity benefit windows when drivers are not the same
 - ❖ Potential issues noted by stakeholders late in Phase 2

Packages will be voted separately.

AEP
(A4)

56%

58% support over Status
Quo

- Project capital cost < \$20 million
- In service by June 1 or third summer season
- Based on historical congestion
- 4 years of benefits fully cover capital cost
- Periodic studies between ME cycles (24-month)
- Project awarded to incumbent TO

PJM
(A1)

55%

- Same as A4 except for use of a 30-day competitive window to award projects

FE
(B4)

54%

56% support over Status
Quo

- Use weighted averages for energy benefit sensitivities and base case
- Capacity driver project in service before June 1 of Delivery Year
- Use average of Monte Carlo hourly draws
- All other design components Status Quo

PJM
(B1)

52%

- Simulation years for calculating benefits
 - RPM and RTEP
- Capacity driver project in service before June 1 of Delivery Year
- All other design components Status Quo

PJM
(C1)

52%

63% support over Status
Quo

- Capacity driver window every 12 months following Base Residual Auction
 - Duration = 60 days
- Energy driver window every 24 months
 - January - April of odd years
 - Duration = 120 days
- Congestion drivers identified in both will be evaluated in 24-month window
- Capacity driver criteria follows OATT, Att. DD, Section 15 language

- May 12, 2020 PC
 - Packages Endorsed
- July 23, 2020 MRC
 - First Read of Endorsed Packages
- August 20, 2020 MRC
 - Votes for Packages and Documentation Updates
- September 17, 2020 MC
 - Vote on Packages and Documentation Updates
- FERC Filing targeted for October 2020

Facilitator/ Secretary:

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**Market Efficiency Process
Enhancement Task Force**



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Appendix

RTMEP

Benefit Calculation

Window for Capacity Drivers

AEP (A4) 56%

Y - 89

N - 71

Abstain - 14

PJM (A1) 55%

Y - 87

N - 72

Abstain - 15

IMM (A2) 12%

Y - 19

N - 143

Abstain - 12

FE (B4) 54%

Y - 84

N - 73

Abstain - 17

PJM (B1) 52%

Y - 82

N - 75

Abstain - 17

IMM (B2) 16%

Y - 26

N - 135

Abstain - 13

PJM (C1) 52%

Y - 82

N - 75

Abstain - 17

IMM (C2) 25%

Y - 40

N - 119

Abstain - 15

- AEP (A4) preferred over the status quo
 - Y – 97
 - N – 71
 - Abstain – 12
- FE (B4) preferred over the status quo
 - Y – 93
 - N – 73
 - Abstain – 14
- PJM (C1) preferred over the status quo
 - Y – 102
 - N – 61
 - Abstain – 5