Market Efficiency Long Term Proposal Window Update
• Long Term Proposal Window closes on Friday, February 27, 2015.
  ➢ Proposals and pre-qualification documents

• Reactive Interfaces
  ➢ Market Reactive Interfaces are used in PJM markets as thermal proxies for voltage control.
  ➢ Market Efficiency posted modeling document was updated with more details of the calculation used to determine the Market Efficiency Reactive Interface ratings.
    ➢ Reactive Interface ratings calculated from PV analysis, Historical data, and PJM market/operations input.
    ➢ Actual operational ratings change every 5 minutes
    ➢ Market Efficiency only uses summer/winter ratings.
  ➢ Most important for participants to measure the **Incremental** impact of proposed projects on Reactive Interfaces.
  ➢ Power flow used for PV analysis added to secure site.

http://www.pjm.com/planning/rtep-development/powerflow-cases/base-line-cases.aspx
Market Efficiency Timeline

Year 0

- Develop Assumptions (Y1, Y5)
- Market Efficiency Analysis (Y1, Y5)
  (Accelerations and Modifications)
- Identify and evaluate Solution Options (Acceleration and Modifications)
- Final Review with TEAC and approval by Board

Year 1

- Develop Assumptions (Y1, Y5, Y8, Y11, Y15)
- Market Efficiency Criteria Analysis (Y1, Y5, Y8, Y11, Y15)
- Market Efficiency Analysis (Y1, Y5, Y8, Y11, Y15)
- Identify proposed solutions
- Update significant assumptions (Y0, Y4, Y7, Y10, Y14)
- Independent Consultant reviews of buildability
- Adjustments to solution options by PJM on analysis
- Develop Assumptions (Y1, Y5)
- Market Efficiency Analysis (Y1, Y5)
  (Accelerations and Modifications)
- Identify and evaluate Solution Options (Accelerations and Modifications)
- Final Review with TEAC and approval by Board

12-month cycle
24-month cycle
2014-2015  24-Month Market Efficiency Cycle Timeline

- Long Term proposal window: November 2014 - February 2015

- Analysis of proposed solutions: March 2015 - November 2015
  - Determination of major assumptions (i.e. Load forecast, Fuel prices, Generators) that are significantly different in 2015 and can be used in sensitivity analysis for proposed projects: March 2015
  - Independent consultant review of cost and ability to build
  - Review of analysis with TEAC: June 2015-November 2015

- Determination of Final projects: December 2015
  - Final review with TEAC and Board approval
    - Projects may be approved earlier if analysis and review complete
12 month cycle used to complete near-term (year 1 through year 5) analysis to identify approved RTEP projects that can be accelerated or modified based on Market Efficiency criteria.

PJM only effort and requires no stakeholder effort.

- Comments are always welcomed

**Timeline**

- Develop Market Efficiency 2016 and 2020 cases: January 2015-April 2015
  - Update of 2015 and 2019 Long Term Proposal Market Efficiency cases
- Analysis of approve RTEP projects for accelerations and modifications: May 2015-August 2015
- Determination of final candidates: August 2015-November 2015
- Recommendation to PJM Board: December 2015
  - Projects may be approved earlier if analysis and review complete
Questions?

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