



Reevaluation Report

Project 201415_9A (AP-South)

Nick Dumitriu

Sr. Lead Engineer, Market Simulation

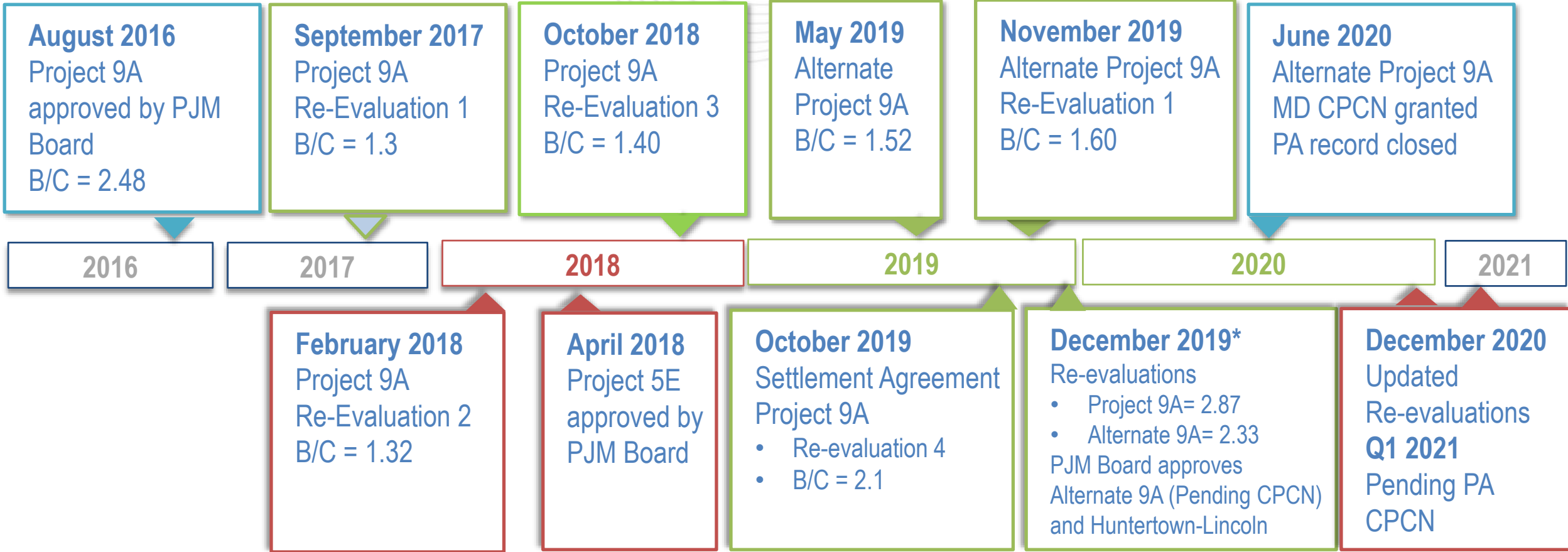
Transmission Expansion Advisory Committee Market
Efficiency Special Session

December 23, 2020

PJM is required by Schedule 6 of the Operating Agreement (OA) to “annually review the cost and benefits” of Board-approved market efficiency projects that meet certain criteria to assure that a project continues to be cost beneficial.

- The annual reevaluation is not required for projects that have commenced construction or have received state siting approval.
- Analysis utilized the most recent Market Efficiency case available.

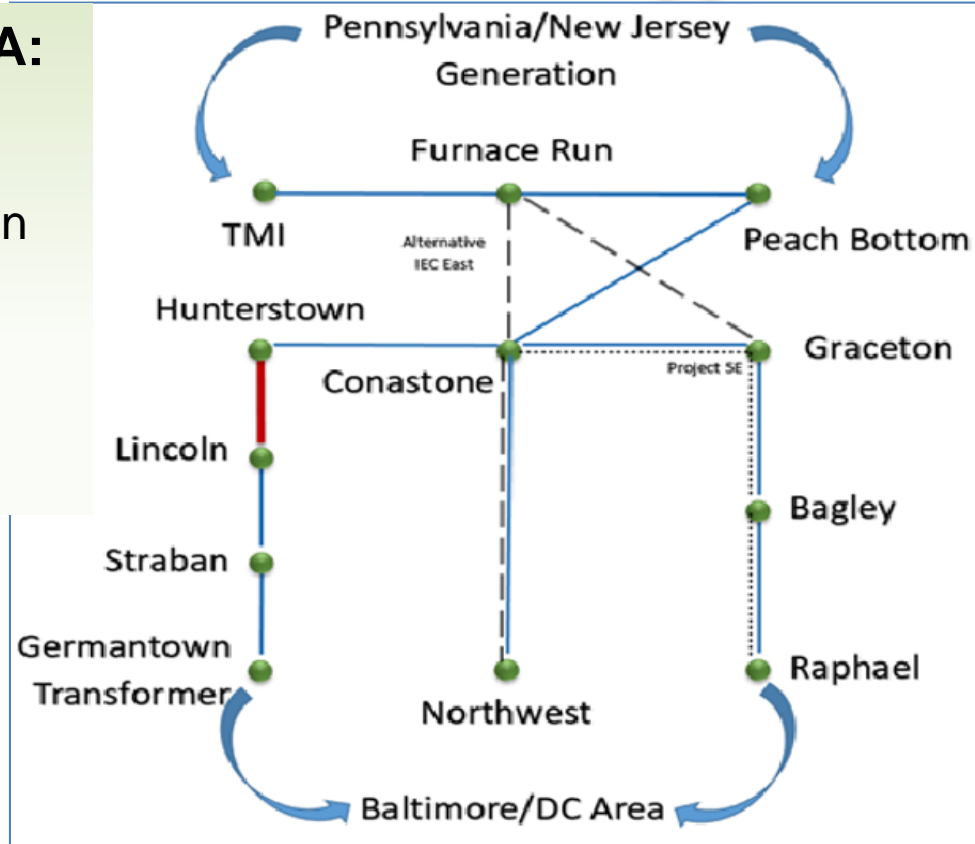
← Maryland and Pennsylvania CPCN Proceedings →



*December 2019 re-evaluations included combinations with Project 5E and Hunterstown-Lincoln

Key Takeaway: Multiple RTEP projects impacted by previous approval of Project 9A

Alternate Project 9A:
 Dec. 2019: PJM Board expressed approval of alternative configuration (product of settlement) subject to MD & PA approval



Project 5E (Bagley-Graceton upgrades):

- April 2018: Approved by PJM Board
- Planned based on assumption that original Project 9A is in RTEP
- Currently under construction: re-evaluation not required

Project Hunterstown-Lincoln (H-L):

- Dec. 2019: Approved by PJM Board
- Planned based on assumption that original Project 9A and Project 5E are in RTEP
- Less than \$20M cost and no CPCN or reevaluation required
- Construction not started

Re-evaluation	Benefit / Cost Ratio December 2020 (Sunk Costs Excluded)	Notes
Project 9A (5E + H-L in Base Case)	1.71	B/C Ratio (In-service Costs) = 1.22 In-service Cost: \$423.66 Sunk Cost: \$121.03
Project 9A + H-L (5E in Base Case)	3.87	B/C Ratio (In-service Costs) = 2.78 In-service Cost: \$430.87 Sunk Cost: \$121.03
Alt. Project 9A (5E + H-L in Base Case)	1.29	B/C Ratio (In-service Costs) = 1.00 In-service Cost: \$534.87 Sunk cost: \$121.03
Alt. Project 9A + H-L (5E in Base Case)	2.87	B/C Ratio (In-service Costs) = 2.23 In-service Cost: \$542.08 Sunk cost: \$121.03

*Sunk costs represent unavoidable costs

Talen Energy Corporation announced they will cease operations of its Montour, Brandon Shores and Wagner coal plants*

- Total >3,500 MW
- Official retirement notice not submitted to PJM
- Updated B/C ratios
 - Alternate Project 9A (Sunk costs excluded) = 2.17
 - Alternate Project 9A (In-service) = 1.71

Maryland Legislation to phase out coal

- Retire all MD coal plants (~ 3000 MW)
- Updated B/C Ratios
 - Alternate Project 9A (Sunk costs excluded) = 3.04
 - Alternate Project 9A (In-service) = 2.39



Key Takeaway: Project value would increase based on anticipated future coal retirements

[*https://talenergy.investorroom.com/2020-11-10-Talen-Energy-Announces-Transformational-Move-Toward-a-Sustainable-ESG-Focused-Future](https://talenergy.investorroom.com/2020-11-10-Talen-Energy-Announces-Transformational-Move-Toward-a-Sustainable-ESG-Focused-Future)

Key Takeaway: Project provides value beyond what is measured in Benefit/Cost ratio

- Supports States coal retirement legislation
- Enables additional access to Pennsylvania Marcellus shale
- May provide support to States renewable policy (Increased access to offshore wind)
- Enhances States access to external generation to support RGGI participation
- Capacity benefits expected in historically constrained SWMAAC area
- Enhances reliability

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

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

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

Market Efficiency Update



Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com

- V1 – 12/18/2020 – Original slides posted