Regional Targeted Market Efficiency Projects

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MEPETF
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How did we get here?

PJM RTMEP proposal

PJM modifies proposal to address concerns

Stakeholder concerns push topic to Phase 2

AUG 2018

FEB 2018

- Straightforward process
- Compliment Order 1000
- Quick fix / low cost

DEC 2018

- Process within Order 1000
- Parallels MEP 18-month cycle
- Poll on remaining areas

- Data Confidentiality
- 18-month cycle timing with MEPs
- Sponsorship vs. Procurement
- Current OA interpretations

- Lack of competition
- Impacts to MEPs
- Congestion savings or Net Load Payment reductions
<table>
<thead>
<tr>
<th>Design Component</th>
<th>MEP</th>
<th>Regional TMEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Metric</td>
<td>Net Load Payment Savings</td>
<td>Congestion Cost Savings</td>
</tr>
<tr>
<td>Project cost for B:C Ratio</td>
<td>15 years of Annual Revenue Requirement</td>
<td>Total Capital Cost</td>
</tr>
<tr>
<td>Project Cost Cap</td>
<td>N/A</td>
<td>$20M</td>
</tr>
<tr>
<td>In-service Date</td>
<td>RTEP year or later</td>
<td>3rd Summer Peak</td>
</tr>
<tr>
<td>Passing Threshold</td>
<td>1.25:1 NPV over 15 years</td>
<td>1:1 over 4 years</td>
</tr>
<tr>
<td>Qualified Congestion Driver</td>
<td>Simulated congestion of $1M or more in each RTEP and RTEP+3 simulation years</td>
<td>Historical avg. congestion of $1M or more in 2 previous years; Simulated congestion less than MEP threshold</td>
</tr>
<tr>
<td>Proposal Window</td>
<td>60 days</td>
<td>60 days</td>
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IMEPs will follow the existing 24-month cycle. MEPs and RTMEPs will follow the proposed 18-month cycle.

**MEP** – Market Efficiency Project  
**IMEP** – Interregional Market Efficiency Project  
**RTMEP** – Regional Targeted Market Efficiency Project

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<table>
<thead>
<tr>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
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<tbody>
<tr>
<td>Sep</td>
<td>Oct</td>
<td>Nov</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
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<tr>
<td>IMEP Window</td>
<td>Identify Initial RTMEP Drivers</td>
<td>Draft ME Base Case</td>
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Next Steps

- Review polling questions

- Discuss any concerns with other phase 2 topics
  - Reevaluation
  - Capacity Benefits
  - Window / Mid-cycle Update

- Review poll results / build initial proposals for January 7