MEPETF Phase 2 Draft Polling Questions (non-binding)

Definitions:

MEP – Market Efficiency Project. MEP refers to the Operating Agreement and Manual 14 definition. This forward looking analysis includes PROMOD simulations over a 15 year planning horizon. Note that although Interregional TMEPs and RTMEPs (defined below) are projects which address market efficiency drivers, they are separate and distinct from Market Efficiency Projects (MEPs) as defined in the OA and Manual 14.

Interregional TMEP – Interregional Targeted Market Efficiency Project. This project type was developed through the PJM/MISO Interregional Planning Stakeholder Advisory Committee to address persistent historical congestion on Market-to-Market flowgates. It was approved by the FERC and codified in the PJM/MISO Joint Operating Agreement in 2017.

RTMEP – Regional Targeted Market Efficiency Project. This is a new, proposed project type to address historical congestion issues which may not be observed in future looking models via small, high impact projects. It is generally modeled after the Interregional TMEP process.

Please answer to each question. For “May be able to support” answers, please provide additional comments.

1. How do you prefer PJM reevaluate Board approved market efficiency projects? (Can support, May be able to support, Cannot support)
   a. Costs and benefits of all new economic-based enhancements or expansions to be evaluated annually to ensure these projects continue to be economical (Status Quo)
   b. PJM will only reevaluate projects with a capital cost of $20M or higher. For projects with a cost less than $20M, if project cost increases such that the B/C ratio (given the original benefits) falls below 1.25, then PJM will study the impacts of cancelling the project. PJM will stop reevaluating projects with cost greater than $20M once the project has completed 20% of its construction within the Engineering and Procurement status as described on PJM transmission construction status page or once the CPCN certificate is received (approved), as applicable.
   c. Other (please provide comments)

2. How do you prefer PJM conduct its market efficiency process? (Can support, May be able to support, Cannot support)
   a. 24-month cycle with mid-cycle update (Status Quo)
   b. 18-month overlapping cycle (6-month overlap)
c. Combination of 24-month and 18-month overlapping cycles  
d. 24-month cycle, but shifting the opening of the four-month proposal  
window from November 1 to early January (subject to feasibility)  
e. Other (please provide comments)  

3. Can you support the elimination of the mid-cycle update? If not, what are the  
reasons for keeping the mid-cycle update?  

4. What is your preferred duration for a proposal window for Market Efficiency  
Projects (MEP), given an 18-month overlapping Market Efficiency cycle?  
   a. 60 days  
   b. 75 days  
   c. 90 days  
   d. Other (please provide comments)  

5. What is your preferred method for addressing persistent, historical congestion on  
PJM internal facilities not necessarily seen in future PROMOD simulations? (Can  
support, May be able to support, Cannot support)  
   a. No actions. Either allow merchant solutions to address the issue, or wait  
until significant congestion is seen in future PROMOD simulations, then  
address through normal market efficiency process as a Market Efficiency  
Project (MEP) (Status Quo)  
   b. Address prior to the Market Efficiency Projects (MEP) window, via a new  
an annual process that is not part of a competitive window, utilizing the same  
criteria as the current Interregional TMEP process  
   c. Address prior to the Market Efficiency Projects (MEP) window, via a new  
an annual process, utilizing a procurement process in which PJM would first  
identify solutions then open a competitive window for participants to  
submit the implementation design, subject to criteria TBD  
   d. Address via a new annual process through a competitive solicitation  
window coincident with the Market Efficiency Projects (MEP) window,  
subject to criteria TBD  
   e. Other (please provide comments)  

Disclaimer: Final filed solution is subject to the development of TO cost allocation  
methodology  

6. What is your preferred method for measuring the benefits for Regional Targeted  
Market Efficiency Projects (RTMEP), given Market Efficiency Projects (MEP)  
utilize reductions to Net Load Payments?  
   a. Historical congestion relieved  
   b. Historical congestion relieved, adjusted by some factor TBD to align with  
Net Load Payment reductions (Subject to feasibility)  
   c. Reduction in Net Load Payments in future simulations (Subject to  
feasibility)  
   d. Other (please provide comments)
7. Assuming the B/C ratio is calculated as in the Interregional TMEP process (Based on current four year payback assumption), what is your preferred B/C ratio passing threshold for Regional Targeted Market Efficiency Projects (RTMEP)?
   a. 1:1
   b. 1.25:1
   c. Other (please provide comments)

8. Can you support a $20 million capital cost cap for Regional Targeted Market Efficiency Projects (RTMEP)?
   a. Yes
   b. No (Please provide comments)

9. How do you prefer Regional Targeted Market Efficiency Project (RTMEP) and Market Efficiency Project (MEP) windows interact?
   a. Two separate windows
   b. One combined window
   c. One window for Market Efficiency Projects (MEP) assuming Regional Targeted Market Efficiency Projects (RTMEP) would be exempt from a competitive window
   d. Other (please provide comments)

**Tabled Questions (Will be discussed during a future meeting)**

1. How do you prefer PJM address Capacity market congestion drivers? (Can support, May be able to support, Cannot support)
   a. Status Quo
   b. Develop and conduct a new separate, structured market efficiency process for Capacity market congestion drivers (TBD)
   c. Other (please provide comments)

2. Can you support Merchant generation and transmission projects being afforded an opportunity (adequate time) to resolve transmission congestion, and should centralized market efficiency planning process be used as a backstop?