Regional Targeted Market Efficiency Projects (TMEP)

MEPETF
October 26, 2018
• Small, low cost, short lead time upgrades to fix historical congestion
• Targeted at specific, historical congestion issues
• Criteria under consideration
  – Address persistent historical congestion related to operational challenges, which is not due to planned outages and/or is not addressed by any planned upgrades or ISA generators
  – Capital cost less than $20M
  – To be in service by third summer season
  – Total capital cost is covered by four years of benefits
  – Benefits are calculated based on the average of past 2 years of historical congestion (Day Ahead + Balancing), adjusted for outage impacts
  – Minimize cost constructability risk and environmental impacts
• Above criteria limits process to line or substation equipment upgrades
Advantages

• Avoids complicated analysis which would delay implementation

• Helps building a more robust base case for the Market Efficiency window

• Ability to address the types of historical congestion that may be difficult to simulate in a production costing model (e.g. load switching schemes, special protection schemes, etc.) or that may be lower than the $1 million threshold used for the Market Efficiency window
Challenges

- Market Efficiency historical model may not be shared as it may include market sensitive information
- Must use historical model due to low or no congestion in the forward looking Market Efficiency models
- Analysis timeline constrained by overlap with the existing Market Efficiency window, acceleration, and reevaluation schedules
<table>
<thead>
<tr>
<th>Item</th>
<th>Without Window</th>
<th>With Window</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis Complexity</td>
<td>Relatively quick analysis</td>
<td>More complex and potentially time consuming analysis</td>
</tr>
<tr>
<td>Interaction with Market Efficiency Window</td>
<td>No conflict</td>
<td>Potential conflict with the ME window</td>
</tr>
<tr>
<td>Cost/Constructability &amp; Environmental Risks</td>
<td>Lower risk as selected solution is an upgrade</td>
<td>Higher risk as selected solution may require CPCN</td>
</tr>
</tbody>
</table>