

# Market Efficiency Process Enhancement Task Force Phase 3 Benefits Packages

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Markets and Reliability Committee  
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FE  
(B4)

54%

56% support over Status  
Quo

- Use weighted averages for energy benefit sensitivities and base case
- Capacity driver project in service before June 1 of Delivery Year
- Use average of Monte Carlo hourly draws
- All other design components Status Quo
- Stakeholder may propose friendly amendment

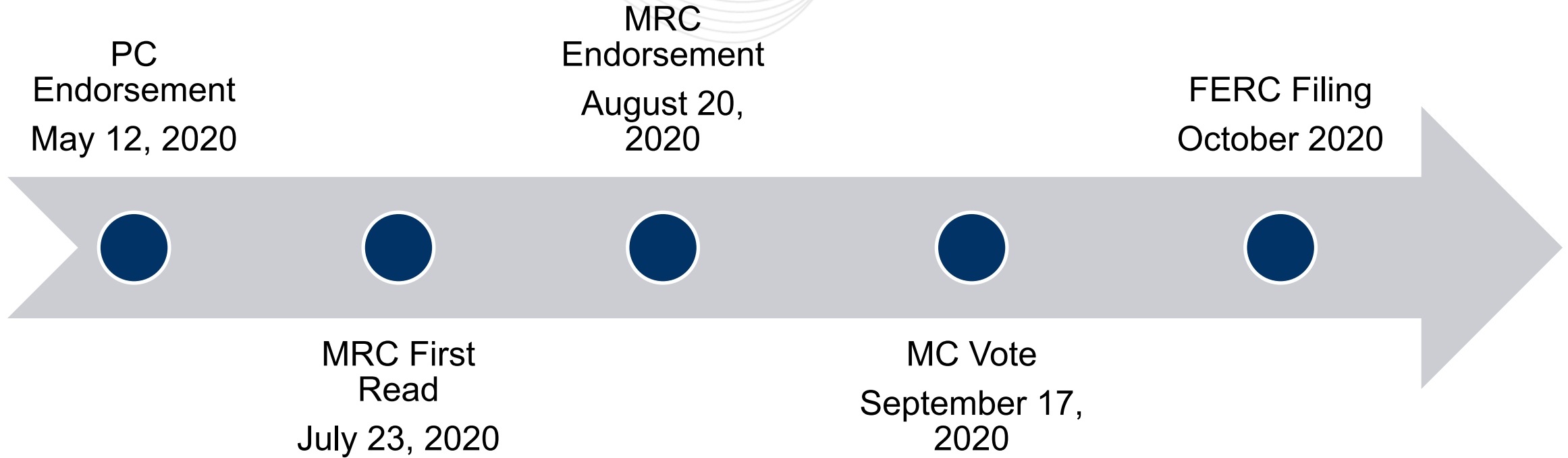
## **Schedule 6, Section 1.5.7 Development of Economic-based Enhancements or Expansions**

- Added new paragraph (ii) to subsection 1.5.7(c) mandating sensitivity studies to be utilized in the evaluation process
  - Sensitivity studies to be utilized in the B/C Ratio calculations will be presented to Transmission Expansion Advisory Committee as part of the Market Efficiency inputs assumptions
- Modified subsection 1.5.7(d) to specify using weighted average of benefits in the B/C Ratio calculation
  - Benefits calculated as weighted average of base case and applicable sensitivity studies as defined in 1.5.7(c)(ii)
- Modified subsection 1.5.7(j) to allow additional informational sensitivity analyses
  - The results of such informational sensitivity analyses will be presented to the Transmission Expansion Advisory Committee

PJM  
(B1)

52%

- Simulation years for calculating benefits
  - RPM and RTEP
- Capacity driver project in service before June 1 of Delivery Year
- All other design components Status Quo



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**Market Efficiency Process  
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# Appendix

**FE (B4)** 54%

Y – 84

N - 73

Abstain - 17

**PJM (B1)** 52%

Y – 82

N - 75

Abstain - 17

**IMM (B2)** 16%

Y – 26

N - 135

Abstain - 13

FE (B4) preferred over  
the status quo

Y – 93

N – 73

Abstain – 14



# Benefit Calculation Metric Used for Market Efficiency Projects

Design Component	Status Quo	Proposed Change	Justification
Capacity Benefit Calculation Simulation Years	RTEP, RTEP+3 and RTEP+6	RPM and RTEP years	Addresses topology and CETL uncertainties beyond RTEP year
In-Service for RPM Market	No restrictions	To be in service prior to June 1 of the Delivery Year for which the Base Residual Auction is being conducted. In the event a transmission expansion cannot be placed in service by this date, PJM will consider capacity market solutions that can be in service before RTEP year.	Ensure projects address a capacity driver by the RPM year

**PJM is not proposing changes to the existing energy benefit calculation or rules governing project cost commitments**  
 Summary available [here](#)

## MEPETF Phase 3, Package B4 (First Energy) Proposal

- **Includes elements of IMM's Package B2 & B3 that would calculate Energy Benefit using:**
  - Weighted average of Sensitivities
  - Average of multiple Monte Carlo results

These process enhancements are important to

  - Substantiating the beneficial value of proposals
  - Moderating extrapolation of benefits far into the future
- **Excludes elements of IMM's Package B2 & B3 that would change the formula for applying Load Payments and Production Costs to Energy Benefit calculation.**
- **Includes timing restrictions for Capacity Market solutions as in Packages B1, B2 and B3.**