



# Market Efficiency Update

TEAC Special Session  
February 20, 2019

- On February 12, 2019, FERC issued [an Order](#) accepting PJM's filed revisions to exclude from its Market Efficiency assumptions, with exceptions, generation with an executed Facilities Study Agreement (FSA) or an executed Interconnection Service Agreement (ISA) under suspension
- This Order in conjunction with updated modeling information will impact the 18/19 Long-term window assumptions and posted economic drivers
- PJM will be extending the window 2 weeks, through March 15, 2019

Item	PJM Modification	FERC Ruling	FERC Reasoning
FSA Modeling	Exclude from Market Efficiency assumptions, with exceptions, generation either with only an executed FSA or an executed ISA under suspension	FERC accepted PJM's proposed Operating Agreement (OA) change	PJM has a reasonable basis to exclude those generation projects as a default in conducting its market efficiency analysis.
FSA Exception	If FSA /Suspended ISA units are included in the base case, TEAC will be notified and the assumptions will be reviewed at TEAC on an as needed basis.	FERC accepted PJM's proposed Operating Agreement (OA) change	FSA/Suspended ISAs may be modeled on a case-by-case basis based on articulable factors that justify their addition.
Annual Information Filing	N/A	PJM to file with the Commission an annual informational filing regarding executed FSAs and ISAs and congestion sensitivities. Filing required for a total of three years.	Improves transparency for stakeholders as PJM gains additional information and experience utilizing the new assumptions.

- Previously posted no-FSA base case will be reposted to account for:
  - Inclusion of generation that has moved from FSA-ISA
  - Inclusion of potential FSA or Suspended ISA exceptions
  - Any other topology changes to-date
- PJM will post any changes to the list of eligible congestion drivers
- Other files:
  - Updated congestion results (simulated years 2023 and 2026)
  - Updated procedure for running PROMOD simulations

- Target date to post updated information is February 22, 2019
- Due to the potential impact of these changes, PJM is extending the long-term window 2 weeks; will close on March 15, 2019
- ME cycle timing will not change – still aiming for December 2019:
  - Final review with TEAC and Board approval
  - Projects may be approved earlier if analysis and review complete