

Market Monitor Report

MC Webinar
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Monitoring Analytics

Benefit/cost test for transmission

- **The IMM introduced a problem statement at the Planning Committee:**
 - **The MMU has identified issues with PJM's benefit/cost analysis that should be addressed prior to approval of additional projects.**
 - **The current benefit/cost analysis for a regional project explicitly and incorrectly ignores the increased congestion in zones that results from a transmission project when calculating the energy market benefits.**
 - **All costs should be included in all zones.**

Benefit/cost test for transmission

- **The benefit/cost analysis does not account for the fact that the transmission project costs are not subject to cost caps and may exceed the estimated costs by a wide margin.**
- **When actual costs exceed estimated costs, the benefit/cost analysis is effectively meaningless and low estimated costs may result in inappropriately favoring transmission projects over market generation projects or over the option of no project at all.**
- **The risk of cost increases for transmission projects should be incorporated in the benefit/cost analysis.**

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