

# EPFSTF Update: Transmission Constraint Penalty Factor

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The underlying goals and intent of reflecting the TCPF in LMPs is to:

- provide market signals that incentivize supply and/or load response to help mitigate the constraint in the short-term
- incentivize the development of additional supply, load response and/or transmission through long-term investments

Currently, PJM has limited capability to modify the default TCPF when a long-term investment is already underway (i.e. RTEPP upgrade)

## **Purpose:**

Discussions were initiated to address PJM's need for additional flexibility for TCPF adjustments, as highlighted from the January 2022 conditions in the Northern Neck peninsula.

## **Timeline:**

- Parallel EPFSTF discussions dedicated to TCPF started in April 2022.
- Education was provided on the driving factors of the Northern Neck pricing outcomes and the mechanics of the TCPF
- The stakeholder process produced two (2) packages for consideration.
- TCPF rules are dependent on FERC approval.

Question		Count		Abstentions	Tally	Pass/Fail
		Yes	No			
Do you support:	Package A ( <b>PJM</b> )?	172	17	4	91%	PASS
	Package B ( <b>IMM</b> )?	2	187	4	1%	FAIL
Do you Support over Status Quo?	Package A ( <b>PJM</b> )?	119	51	23	70%	PASS
	Package B ( <b>IMM</b> )?	3	186	4	2%	FAIL

## Conditions when TCPF can be modified:

- During transmission outages associated with upgrades to address RTEP criteria or interconnection requests. Unplanned outages or transmission outages associated with normal maintenance are excluded.
- Updates are permitted in Day-ahead or Real-time Markets
- Not dependent on operational conditions to trigger

## How TCPF can be modified:

- Decrease TCPF value per existing practice ([link](#))

- Open Access Transmission Tariff
  - Attachment K-Appendix, Schedule 1, Section 5.6
- Operating Agreement
  - Schedule 1, Section 5.6 (Parallel provision to OATT above)
- Manual 11, Section 2.17

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