Order 1000 Lessons Learned

Planning Committee Lessons Learned

June 16, 2015

Topics for Discussion

1. Templates
2. Redaction Guidelines
3. Voltage Floor for Competitive Process
4. Process administration items
5. Selection Process

Summary of Discussion from Previous Sessions

- PJM: Should a voltage “floor” be established? Lower voltage would not be included in proposal windows
  - Stakeholder input:
    - Yes, set at 100kV BES limit
    - Concern that clustered low voltage issues may be indicative of larger problem that could be solved with a high voltage solution
    - Continue to provide the violations, but clarify that individual violations are not available for competitive projects

Proposed Voltage Floor for Competitive Process

PJM is proposing a 200kV voltage floor for invoking the competitive process

- Below 200kV projects are almost always allocated to one zone and therefore reserved for the Transmission Owner

- Focus developer and PJM staff resources on projects more applicable to the competitive process

Proposed Voltage Floor for Competitive Process

Previous RTEP data supports that there are few competitive opportunities for cases where the violations are below 200kV

- Of 1534 Board approved projects, 105 (7%) were greenfield, of which only 13 (<1%) allocated to more than one zone

- Window 1 – Of 22 proposals, all were upgrades, one of which was a 230 kV reconductor project at $26M
- Window 2 – Of 33 projects, only 4 were greenfield, and only 1 was allocated to more than one zone which was a line and substation project at $51M
- Windows 1 and 2 – only two projects identified where the solution was above 200kV for a violation that was below 200kV; Both projects were upgrades estimated at less than $10M

Issues Raised in the Stakeholder Meetings

- PJM was requested to post all violations, even those at the lower voltage levels
  - PJM will post all lower voltage violations for information purposes

- Sometimes, a higher voltage solution will address multiple lower voltage violations
  - Where such possibilities are apparent, PJM would make exceptions and invoke the competitive process

- 200kV floor would apply to the limit of the violation, not the contingent element

- Proposed OA change 1.5.8 (c)

……. During these windows, the Office of the Interconnection will accept proposals from existing Transmission Owners and Nonincumbent Developers for potential enhancements or expansions to address the posted violations, system conditions, economic constraints, as well as Public Policy Requirements. The Office of the Interconnection may exclude violations rated below 200 kV from a proposal window based on the expectation that the most cost effective solution will be a transmission facility rated below 200 kV and reserved for the Transmission Owner pursuant 1.5.8(l). The Office of the Interconnection, based upon its review, may include a group of violations rated below 200 kV a in a proposal window based on the potential that the most cost effective solution may be a greenfield transmission facility rated above 200 kV.

Process Administration Items

- Pre-qualification updates -
  - Currently PJM process does not require periodic renewal or confirmation to maintain prequalified status
  - If over time, entities choose to not participate in PJM's competitive process, PJM would have no basis to remove inactive entities from being pre-qualified under the current OA language
  - PJM is proposing changes to ensure regularly updated information is required for entities that wish to be eligible to be designated (OA 1.5.8(a)(3))

Implementation

- **Proposed changes to OA 1.5.8(a)(3)**

(a)(3)) In order to continue to pre-qualify as eligible to be a Designated Entity, such entity must confirm its information with the Office of the Interconnection no later than three years following its last submission or earlier if necessary as required below. In the event the information on which the entity's pre-qualification is based changes with respect to the upcoming year, such entity must submit to the Office of the Interconnection all updated information during the annual thirty-day pre-qualification window and the timeframes for notification in Section 1.5.8(a)(2) of this Schedule 6 shall apply. In the event the information on which the entity's pre-qualification is based changes with respect to the current year, such entity must submit to the Office of the Interconnection all updated information at the time the information changes and the Office of the Interconnection shall use reasonable efforts to evaluate the updated information and notify the entity of its determination as soon as practicable.

Process Administration Items

- Notifications and posting requirements –
  - The OA language is unclear that RTEP baseline projects that are upgrades reserved for the Transmission Owner under 1.5.8(l) do not require a DEA and related process steps (OA 1.5.8(j))
  - Ensure alignment with CTOA requirements for requirements for Transmission Owner response to notification of designation (OA 1.5.8(j))
  - Address timing between sequential steps in designation process (OA 1.5.8(i))

Implementation

- **Proposed changes to OA 1.5.8(j)**

(j) Acceptance of Designation. Except for projects designated under Section 1.5.8(l), within 30 days of receiving notification of its designation as a Designated Entity, the existing Transmission Owner or Nonincumbent Developer shall notify the Office of the Interconnection of its acceptance of such designation and submit to the Office of the Interconnection a development schedule, which shall include, but not be limited to, milestones necessary to develop and construct the project to achieve the required in-service date, including milestone dates for obtaining all necessary authorizations and approvals, including but not limited to, state approvals. For good cause shown, the Office of the Interconnection may extend the deadline for submitting the development schedule. …..

(j) ….. In the alternative, the Designated Entity may request dispute resolution pursuant to Schedule 5 of this Agreement, or request that the Designated Entity Agreement be filed unexecuted with the Commission. For projects designated under Section 1.5.8(l), the Designated Entity shall provide acknowledgement of designation within 90 days consistent with Section 4.2.2 of the Consolidated Transmission Owners Agreement.

Implementation

- **Proposed changes to OA 1.5.8(m) Immediate-need Reliability Projects:**

(m)…..(All comments received by the Office of the Interconnection shall be publicly available on the PJM website. Based on the comments received from stakeholders and the review by Transmission Expansion Advisory Committee, the Office of the Interconnection shall, if necessary, conduct further study and evaluation and post a revised recommended plan for review and comment by the Transmission Expansion Advisory Committee. The PJM Board shall approve the Immediate-need Reliability Projects for inclusion in the recommended plan. Except for projects designated under Section 1.5.8(l), in January of each year, the Office of the Interconnection shall post on the PJM website and file with the Commission for informational purposes a list of the Immediate-need Reliability Projects for which an existing Transmission Owner was designated in the prior year as the Designated Entity in accordance with this Section 1.5.8(m)(1). The list shall include the need-by date of Immediate-need Reliability Project and the date the Transmission Owner actually energized the Immediate-need Reliability Project.

- **Proposed changes to OA 1.5.8(j)** *continued*

(j) ….. The Office of the Interconnection then shall review the development schedule and within 15 days or other reasonable time as required by the Office of the Interconnection: (i) notify the Designated Entity of any issues regarding the development schedule identified by the Office of the Interconnection that may need to be addressed to ensure that the project meets its needed in-service date; and (ii) tender to the Designated Entity an executable Designated Entity Agreement setting forth the rights and obligations of the parties. To retain its status as a Designated Entity, within 60 days of receiving an executable Designated Entity Agreement (or other such period as mutually agreed upon by the Office of the Interconnection and the Designated Entity), the Designated Entity (both existing Transmission Owners and Nonincumbent Developers) shall submit to the Office of the Interconnection a letter of credit as determined by the Office of Interconnection to cover the incremental costs of construction resulting from reassignment of the project, and return to the Office of the Interconnection an executed Designated Entity Agreement containing a mutually agreed upon development schedule.