



Mid-Atlantic Renewable Energy Coalition Comments

Re: PJM Transmission Owner's Cost Allocation Principles

The members of the Mid-Atlantic Renewable Energy Coalition (MAREC)¹ appreciate the opportunity to provide written comments regarding the PJM Transmission Owners' proposed Regional Cost Allocation Principles for Order No. 1000 issued on June 13, 2012 and presented on July 18, 2012. MAREC commend the Transmission Owners on the significant progress that has been made toward aligning the cost allocation principles required in Order No. 1000 and 1000-A for reliability-based and economic-based projects. However, the proposed principles are deficient and incomplete in addressing one of the core requirements of these two Orders – regional cost allocation for projects driven by Public Policy Requirements (PPRs).

During the July 18 presentation, the PJM Transmission Owners indicated that “projects not required for reliability, economic or operational performance are “supplemental” projects.”² It is unclear if the proposed principles imply that transmission facilities selected to address PPRs should be classified as Supplemental Projects, since Supplemental Projects are projects that are not included in the regional plan for purposes of cost allocation. Order No. 1000-A states “The planning necessary to consider transmission needs driven by Public Policy Requirements is not different in substance from the planning required to address reliability or economic needs. Such planning requires an open and transparent process that provides interested stakeholders with access to studies, models and data used to make decisions.”³ Additionally, Order No. 1000 states that projects proposed solely to address identified public policy-driven needs “must be eligible for selection in a regional transmission plan for purposes of cost allocation and must not be designated as a type of transmission facility for which the cost allocation method must be determined only on a project-specific basis.”⁴ FERC has made it clear that facilities planned to meet PPR are to be treated the same as facilities planned to meet reliability or economic means. Therefore, it is inconsistent with the Order No. 1000 and 1000-A requirements to assume that the planning and consideration of PPR's will be planned outside the regional plan.

¹ The following companies are members of both MAREC and PJM: AES, EDP Renewables (Horizon Wind), BP Alternative Energy, Iberdrola Renewables, EverPower Wind Holdings, Invenergy Wind and EON Climate & Renewables North America.

² PJM Attachment H Transmission Owners Working Group, Proposed Regional Cost Allocation Principles for Order No. 1000 presentation, slide 24

³ Order 1000-A, ¶ 208

⁴ Order 1000, ¶ 690

MAREC contends that the PJM Transmission Owners' should develop clear, up-front cost allocation method(s) for transmission facilities selected in the regional plan to meet PPRs, including Renewable Portfolio Standards (RPS), similar to what has been proposed for reliability-based and economic-based projects. Order No. 1000 and 1000-A requires public utility transmission providers in a transmission planning region, in consultation with their stakeholders, to create a regional transmission plan. This plan will identify transmission facilities that more efficiently or cost-effectively meet the region's reliability, economic and PPRs requirements. In Order No. 1000-A, FERC indicated that they "...expect that the planning process required by Order No. 1000 will help identify efficient or cost-effective transmission projects that address the transmission needs of load-serving entities and their customers, whether they are driven by reliability, economics, or public policy requirements."⁵ PJM, as the Transmission Provider, has an obligation to determine how to integrate public policy requirements into the regional planning process for purposes of cost allocation. The complementary cost allocation principles must be developed by the PJM Transmission Owners and should fully address the regional plan contemplated by Order No. 1000 and 1000-A. MAREC believes that failure to include a cost allocation method or methods that address PPRs in the regional plan – and is not based on a project-specific allocation methodology - will likely result in a deficient Order No. 1000/1000-A compliance filing.

In summary, MAREC considers the Transmission Owner's proposal appropriate for reliability-based and economic-based projects, but unresponsive and therefore incomplete for projects driven by PPRs. The proposal lacks a cost allocation method(s) that recognize the beneficiaries of transmission facilities identified to meet PPRs.

We look forward to continuing to work with the PJM Transmission Owners, PJM, and the stakeholders over the next few months to ensure that PJM 's compliance filing meets Order 1000 and 1000-A requirements.

Sincerely,



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cc: Steve Herling, Vice President, PJM Interconnection
Sean McNamara, Manager, PJM Interconnection

⁵ Order 1000-A, ¶ 168