

Generator Construction Responsibility for Transmission Upgrades

PJM TOA-AC Meeting
September 12, 2012

Generator Transmission Upgrades

Problem Statement:

- ✓ A process does not currently exist in the PJM Open Access Transmission Tariff (OATT) or Operating Agreement (OA) to allow PJM to assign construction responsibility to a generator who owns a network facility which requires a baseline reliability upgrade through the RTEP process
- ✓ Also, there is no mechanism for cost recovery

Generator Transmission Upgrades

Background and Current Process:

- PJM occasionally assigns construction responsibility to a TO for a network facility that is owned by a generator
- The TO responds to PJM that while it does not own the facility (usually a breaker or other station equipment) it will provide all required information with respect to the facility

Generator Transmission Upgrades

Background and Current Process (continued):

- Sometimes the generator disagrees that it is responsible to replace the facility identified by PJM
 - Old legacy agreements never contemplated this
- Also, there is no mechanism for the generator to be reimbursed for the cost of the upgrade by the responsible customers

Recent Examples

- Replace ECRRF 138 kV tie-breaker (b0814.22)
- Replace Tosco 230 kV breakers (b1539-b1540)
- Upgrades at Eagle Point Generating Station
- Upgrades at Bergen Generating Station
 - In this case, PJM assigned the upgrades to PSEG Power but sent the construction letter to PSE&G
- GenOn/Mirant and GenOn/Reliant
- Retail Customers (PVSC and NJ Transit)

Two Issues Need to be Addressed

- Need to confirm that generators have an obligation to build
- Need to develop a cost recovery mechanism

Potential Solutions

- Change OATT to Allow Recovery by Generator
- Generator Signs TOA and Becomes a TO
- Develop OA Language to Require Generator to Upgrade Facility
- Continue Status Quo to Resolve Between Transmission Owner and Generator per Existing Interconnection Agreement
- Other Solutions???

Questions ???