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Steven R. Herling
VP, Planning

September 26, 2018

Ms. Paula Carmody
People's Counsel
Maryland Office of the People's Counsel
6 Saint Paul St, Suite 2102
Baltimore, Maryland 21202

RE: Transource Independence Energy Connection (IEC) Market Efficiency Project

Dear Ms. Carmody:

Thank you for your interest and recent letter regarding the Transource market efficiency project and in particular your comments with respect to cost estimates for the project.

As you know, PJM reaffirmed at the September 13, 2018 TEAC meeting that the project will remain in PJM's Regional Transmission Expansion Plan (RTEP). As reported at that meeting, our recent analysis found that the project continues to deliver substantial savings to regional consumers. Also as stated in the meeting, PJM will continue to support the Maryland Public Service Commission's Certificate of Public Convenience and Necessity (CPCN) process. If requested by the Commission to do so, PJM is open to further project analysis including that to assess the impact of updated Transource cost estimates. PJM would expect to receive updated estimates after Transource executes their necessary material contracts with suppliers.

PJM's role in regional system planning is to look forward 15 years to identify high-voltage transmission expansion requirements driven by reliability criteria violations and market efficiency needs. Then, where timeframes allow, PJM then solicits solutions through competitive windows. PJM evaluates the proposals it receives to identify that which best addresses specified requirements. Once selected, designated transmission developers are then responsible for project construction, right-of-way siting, etc., and working with state and local agencies to obtain all required regulatory approvals.

Thank you for your continued interest and communication.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Herling", written in a cursive style.

Steven R. Herling