

September 22, 2021

Chair, PJM Board of Managers, c/o Mr. Mark Takahashi, Chair
Mr. Manu Asthana, President and CEO
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Valley Forge Corporate Center
Audubon, Pennsylvania 19403

RE: PJM's response to FERC transmission ANOPR

Dear Mr. Takahashi, Mr. Asthana and the PJM Board of Managers,

The Board has invited PJM members to present their perspectives on FERC's transmission Advanced Notice of Proposed Rulemaking (ANOPR) and transmission issues generally at the September 20 Liaison Committee meeting. Environmental Stakeholders appreciate the Board's attention to this vital topic. Although we are not members of the Liaison Committee, we would like to take this opportunity to provide input on needed reforms to transmission planning and cost allocation. In keeping with Liaison Committee practice, these comments represent the diversity of Environmental Stakeholders' views but should not be taken as endorsement of any particular position by individual organizations.

Ensuring independent transmission planning is a prerequisite for any other reforms to be successful. Unfortunately, the current planning regime creates conflicts of interest that undermine independence: planning and competition are linked, giving transmission owners an incentive to avoid or undermine regional planning, while weak regional planning outside of RTOs makes joining RTOs less attractive. At the same time, voluntary member-driven RTOs tend to overweight transmission owners' interests. PJM should support truly independent transmission planning in its ANOPR comments by requesting FERC improve oversight and prudence review of projects not arising from regional planning and ensure equally robust planning processes in RTO and non-RTO regions.

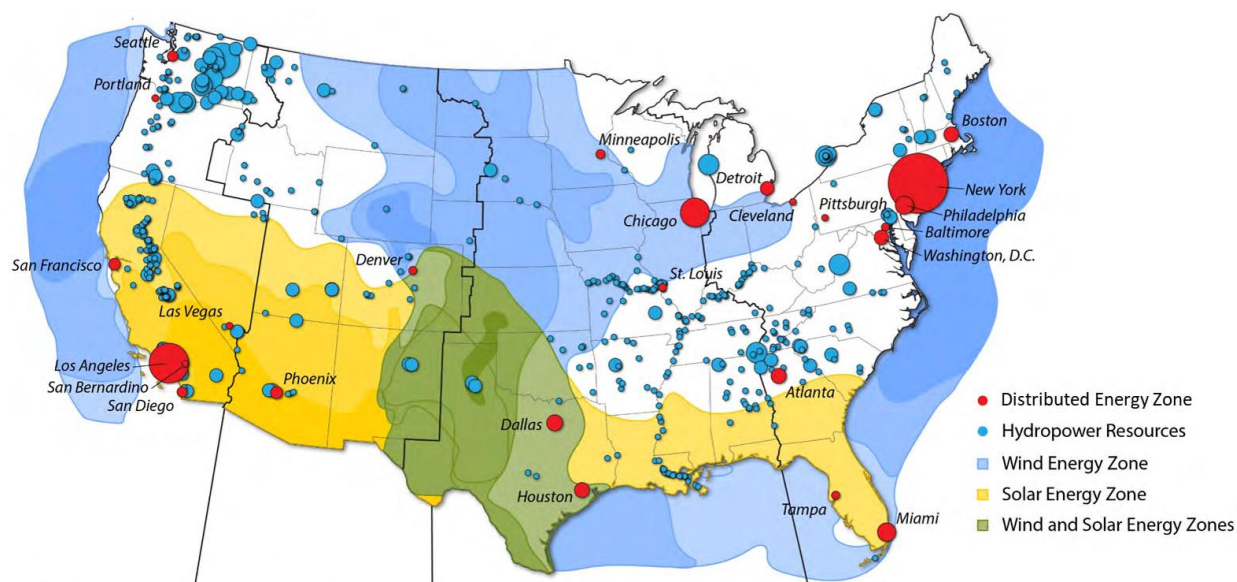
The ANOPR proposes to require that transmission planning anticipate and account for future generation. We wholeheartedly support this improvement. The nation, and the PJM region, are in the early stages of an unprecedented change in our electricity supply. States across PJM are enacting laws to decarbonize their electricity supply and their economies. Failing to account for this in transmission planning will lead to unneeded, wasteful investment while failing to deliver the transmission upgrades that are truly needed. As an entity entrusted with regional transmission planning, PJM has a responsibility to anticipate and meet future transmission needs within its territory. We are aware of concerns that this introduces new risks into the planning process, but maintaining the status quo while the world changes is an even riskier path. We urge PJM to comment in support of the scenario-based planning ideas in the ANOPR and offer its expertise on how scenarios can be best developed while managing the risks of forward-looking planning.

Cost allocation is and will remain one of the thorniest aspects of transmission planning. While FERC affirms the "beneficiary pays" principle in the ANOPR, it also suggests that many benefits of transmission are not currently considered in cost allocation. Once built, renewables deliver very low-

cost energy, and consumers benefit from transmission that brings this energy to market. New transmission also creates resource adequacy and resilience benefits that are not captured in current cost allocation processes. We believe PJM can and should be taking these additional beneficiaries into account in future cost allocation discussions.

Transmission also promises environmental benefits that can no longer be neglected. The courts have recently held that FERC must consider greenhouse gas emissions in pipeline reviews, and the Biden administration has ordered federal agencies to consider the social cost of carbon (currently equivalent to \$24/MWh in PJM) in their decision making. These actions mean that the time is ripe to include greenhouse impacts in transmission cost/benefit analysis. Transmission expansion and upgrades can also have significant impacts on emissions of criteria air pollutants (NO_x, SO₂, particulates) by changing dispatch of generation resources. These pollutants have significant adverse effects on public health, and their impacts are especially harsh for poor and disadvantaged communities. PJM should develop the capability to measure and report these impacts, and support considering them in FERC-jurisdictional planning.

Finally, interregional planning needs significant improvement. A glance at a map of the nation's renewable resources shows the outlines of the problem. Except for offshore wind, the nation's richest



Source: NREL Interconnections Seam Study

renewable resource areas are outside PJM's footprint. PJM also sits between the load centers of the Northeast and renewable resources in other parts of the country. Numerous studies suggest large scale transmission upgrades can play an important part in decarbonizing the power grid.¹ As states in and around PJM move towards their 100% carbon-free power targets, the need for and benefits of long-haul transmission are likely to increase. Interregional transmission not only promises to deliver renewable energy to where it is needed, but helps balance the intermittence of renewables, improves resilience as extreme weather events increase and reduces renewable curtailments.

¹ For an overview and bibliography, see Electricity Systems Integration Group, [Transmission Planning for 100% Clean Electricity](#) (2021).

Environmental Stakeholders' concern is that current transmission planning does not even attempt to address these issues. There is simply no body charged with transmission planning beyond the regional level. Existing inter-regional coordination focuses on seams issues and has seen few projects to completion. We must fill these gaps to cost-effectively decarbonize our economy while preserving reliability. Moving beyond regional planning will be challenging institutionally and culturally. PJM can play an important role by approaching this problem with an open mind and helping FERC develop an approach that can effectively identify and deliver national level transmission solutions.

The energy transformation creates vast opportunity for beneficial transmission investment. As our nation's transmission planners, RTOs and ISOs must rise to the challenge of fairly and cost-effectively directing this investment. Environmental Stakeholders hope PJM's ANOPR comments will squarely address the challenges described here and promote effective, forward-looking transmission planning.

Sincerely,

Environmental Stakeholders

Andrew Place
Director – U. S. State Energy & Climate Policy
Clean Air Task Force

Casey Roberts
Senior Attorney
Sierra Club

Danielle Fiddler
Senior Attorney
Earthjustice

John Moore
Director
Sustainable FERC Project

Justin Vickers
Staff Attorney
Environmental Law Policy Center

Mike Jacobs
Senior Energy Analyst
Union of Concerned Scientists

Tom Rutigliano
Senior Advocate
Natural Resources Defense Council

Will Kenworthy
Regulatory Director, Midwest
Vote Solar