

**August 20, 2019 version of changes to Manual 14B prepared from meetings of the PC Special Session - RTEP Process Enhancements group**

The document below represents a redline comparison of this August 20, 2019 revision of Manual 14B to the current, posted and approved version of Manual 14B on the PJM website. Additionally, the highlighted sections show changes in this August 20, 2019 revision as compared to the August 14 revision originally posted for the MRC of August 22, 2019.

## Section 1: Process Overview

In this section you will find an overview of PJM's transmission planning process that culminates in the Regional Transmission Expansion Plan (RTEP). This process (referred to in this Manual interchangeably as the RTEP process or more generically as the PJM regional transmission planning process) is one of the primary functions of Regional Transmission Organizations (RTOs.) As such, PJM implements this function in accordance with the Regional Transmission Expansion Planning Protocol set forth in Schedule 6 of the PJM Operating Agreement.

As further described in following portions of this manual, the PJM RTEP process consists of baseline reliability reviews as well as analysis to identify the transmission needs associated with generation interconnection and merchant transmission interconnection. PJM implements the planning of interconnections as part of the broader RTEP process pursuant to the PJM Open Access Transmission Tariff (OATT.) The relationship between Interconnection planning and the RTEP is discussed in later sections of this manual and in related manuals.

### 1.1 Planning Process Work Flow

The Manual 14 series provides information regarding PJM's regional transmission expansion planning protocol (RTEPP) to complement planning provisions in the PJM Operating Agreement, Schedule 6 and the PJM Open Access Transmission Tariff (OATT), Attachment M-3 (Attachment M-3 Process). These agreements can be found on-line at <https://www.pjm.com/library/governing-documents.aspx>.

This ongoing process has continued to evolve since 1997, when PJM's RTEPP (codified in PJM's Operating Agreement, Schedule 6) was approved by the Federal Energy Regulatory Commission (FERC). Since that time, the process has been expanded and enhanced in response to member and regulatory input as documented in the Operating Agreement, Schedule 6, OATT Attachment M-3 and the PJM Manual 14 series. The current PJM regional transmission expansion plan (RTEP) process includes ample opportunity for stakeholder input through frequent oral and written exchange of information and reviews via the Transmission Expansion Advisory Committee (TEAC) and PJM's three (3) Subregional RTEP Committees (Mid-Atlantic, Southern and Western).

PJM and PJM Transmission Owners' planning processes are incorporated in an 18-month overlapping planning cycle which begins in September of the previous calendar year and extends through a full calendar year to the February of the next calendar year. This overlapping planning cycle is illustrated in Exhibit 1 in this Manual.

The PJM planning process activities, culminating in PJM's annual RTEP, constitute PJM's single, Order No. 890 compliant, transmission planning process.

All PJM OATT facilities are planned through and included in this open, fully participatory, and transparent process.

There are three (3) planning paths that ultimately culminate in the PJM RTEP base case, also referred to as the planning model. Facilities identified in each path allow for the opportunity for early, full, and transparent participation by interested PJM stakeholders. The three paths include planning activities associated with: (i) Regional RTEP Project and Subregional RTEP Project (baseline upgrades), (ii) Supplemental Projects; and (iii) Customer-Funded Upgrades. Baseline upgrades include projects planned for (i) reliability, (ii) operational performance, (iii) FERC Form No. 715 criteria, (iv) economic planning, and (v) public policy planning (State Agreement

Approach). Supplemental Projects refer to transmission expansion or enhancements not needed to comply with PJM reliability, operational performance, FERC Form No. 715, economic criteria or State Agreement Approach projects; Supplemental Project drivers, or needs, are “supplemental” to those Operating Agreement specified criteria. Transmission Owners plan Supplemental Projects in accordance with the OATT, Attachment M-3 ~~process (Attachment M-3 Process)~~. Projects planned through the Attachment M-3 Process include those that expand or enhance the transmission system. By way of example, a Supplemental Project could include a Transmission Owner project needed to address transmission facilities at the end of their useful life, which, in accordance with good utility practice, is not determined by the facility’s service life for accounting or depreciation purposes. Customer-Funded Upgrades refer to Network Upgrades, Local Upgrades, or Merchant Network Upgrades identified pursuant to OATT Parts II, III, and VI and paid for by the Interconnection Customer or Eligible Customer or voluntarily undertaken by a New Service Customer in fulfillment of an Upgrade Request.

#### Planning of Baseline Upgrades:

Baseline upgrades are produced from PJM’s planning cycle activities described in this manual, Operating Agreement Schedule 6, and illustrated in Exhibit 1 in this Manual. PJM leads the analysis and development of baseline upgrades related to reliability , operational performance, FERC Form No. 715 criteria and economic planning for all facilities 100 kV and above under PJM’s operational control. These facilities are designated as Bulk Electric System (BES) facilities and are subject to the North American Electric Reliability Corporation (NERC) standards and criteria for such facilities. The PJM analyses ensure compliance with NERC, PJM and any applicable Regional Entity criteria (e.g. Reliability First (RF) or SERC Reliability Corporation (SERC)). In addition, the PJM-led analyses also include analysis of and solutions for transmission facilities with nominal voltages below 100kV to the extent such facilities are under PJM’s operational control (see <http://www.pjm.com/markets-and-operations/ops-analysis/transmission-facilities.aspx>). The TEAC and Subregional RTEP Committees provide the opportunity for stakeholders to engage in the PJM transmission planning process of such facilities, as described in this Manual.

In addition, for transmission facilities under PJM operational control, the Transmission Owner may submit its local planning criteria in its FERC Form No. 715 filing.

#### Transmission Owner Supplemental Projects:

Supplemental Projects refer to a transmission expansion or enhancement not needed to comply with PJM reliability, operational performance, FERC Form No. 715, or economic criteria. Transmission Owners plan Supplemental Projects in accordance with the Attachment M-3 Process. Projects planned through the Attachment M-3 Process could include those that: (i) expand or enhance the transmission system; (ii) address Transmission Owner zonal reliability issues; (iii) maintain the existing transmission system; (iv) comply with regulatory requirements or (v) implement Transmission Owner asset management activities (which could include needs related to a transmission facility approaching the end of its useful life, which, in accordance with good utility practice, is not determined by the facility’s service life for accounting or depreciation purposes).

Pursuant to the Attachment M-3 Process, Supplemental Projects are presented through the TEAC (230 kV and above facilities) or the Subregional RTEP Committees (below 230 kV facilities) for review and comment in a three-part meeting process that includes at a minimum (i) an Assumptions Meeting, (ii) a Needs Meeting and (iii) a Solutions Meeting. The Solutions Meetings are followed by a round of comments before the Transmission Owners finalize the

Supplemental Projects. The stakeholders are provided a final comment period before the Supplemental Project is included in the Local Plan. Supplemental Projects included in the Local Plan are provided to the TEAC and the PJM Board as informational before integrating the Supplemental Project into the RTEP base case. Supplemental Projects are not approved by the PJM Board.

It should also be noted that prior to integrating a Supplemental Project into the RTEP base case PJM performs a “do no harm study” to evaluate whether a proposed Supplemental Project will adversely impact the reliability of the Transmission System as represented in the planning models used in all other PJM reliability planning studies. If as a result of the do no harm study, system upgrades are required, such upgrades will be considered part of the Supplemental Project and are the responsibility of the Transmission Owner sponsoring the Supplemental Project.

As part of the review of Supplemental Projects, PJM will inform stakeholders if PJM determines that a proposed Supplemental Project does not meet the Operating Agreement definition of a Supplemental Project. Additionally, PJM will monitor the status of the projects being developed through the Attachment M-3 Process in order to associate the Supplemental Project with the need identified by the Transmission Owner in the Attachment M-3 Process. For Supplemental Projects, the transparent identification of the need is important to PJM’s regional planning process and, accordingly, the identification of the need should include a description of the need in sufficient detail that together with the applicable criteria and supporting documentation stakeholders are capable of reviewing the Transmission Owner’s need determination as well as replicating the results of the planning studies.

A Project proposed as a Supplemental Project that does not meet the definition of Supplemental Project or cannot be associated with the need identified by the Transmission Owner in the Attachment M-3 Process will not be included in the Local Plan. Supplemental Projects, to the extent they are developed through the Attachment M-3 Process and can be associated with a supplemental need(s) identified by the relevant TO, will be included in the next annual RTEP base case.

Through the Attachment M-3 Process, Supplemental Projects are subject to similar open, transparent and participatory PJM committee activities, as are baseline upgrades developed through the TEAC and the Subregional RTEP Committee meetings (see discussion of TEAC and Subregional RTEP Committees).

As part of the review of Supplemental Projects, PJM will also apprise the relevant Transmission Owner if a baseline upgrade might alleviate or partially mitigate the need for a Supplemental Project. In addition, PJM will determine if a Supplemental Project might impact a baseline need identified through the RTEP process, which might be in progress. A discussion of guidelines associated with the potential for overlapping needs is included in this Manual below in section 1.4.2.

Planning for Customer-Funded Upgrades is performed through PJM’s New Services Queue and includes Network Upgrades, Local Upgrades, or Merchant Network Upgrades identified pursuant to OATT, Parts II, III, and VI. Studies of interconnection and transmission service requests and any resulting transmission modifications are posted to PJM’s website in the project queue area (<http://www.pjm.com/planning/generation-interconnection.aspx>). In addition, any necessary transmission facility modifications are brought to the TEAC for presentation and stakeholder participation. Interconnection planning is discussed in more detail in Manual 14A.

## **1.2 TEAC and Subregional RTEP Committee and Related Activities**

The PJM TEAC functions in accordance with its established charter and provisions of the Operating Agreement, Schedule 6. Additionally, in 2008 PJM began to facilitate more localized planning functions through the Subregional RTEP Committees.

The TEAC and Subregional RTEP Committees provide a transparent and participatory planning process throughout the development of the RTEP, from early assumptions-setting stages to discussion of criteria violations and/or identified system needs, review of recommendations for alternative solutions and then review and comment regarding the solutions incorporated into the RTEP base case.

The Subregional RTEP Committees allow more focused and meaningful stakeholder participation and attention to the subregional and local Transmission Owner zonal issues. Currently there are three PJM RTEP subregions: Mid-Atlantic, Southern, and Western. When a Subregional RTEP Committee meeting is needed and scheduled, it generally will be implemented as a separate meeting for each subregion.

All PJM stakeholders can participate in any or all subregional activities on a voluntary basis, with one exception. The exception is that the Transmission Owners that comprise each of the various subregions must participate in the Subregional RTEP Committee meeting that includes their area and each Transmission Owner must be present at the TEAC meeting where its Supplemental Projects are presented. PJM will facilitate TEAC and Subregional RTEP Committees to review Regional RTEP Projects, Subregional RTEP Projects, and Supplemental Projects.

PJM, with stakeholder input, may initiate additional Subregional RTEP Committees meetings consistent with the Attachment M-3 Process to review and address stakeholder questions or concerns regarding needs or proposed solutions, as may be necessary or beneficial. Separate local meetings or more localized reviews may also be held by individual PJM Transmission Owners in the event that the individual Transmission Owner decides that it is a more appropriate way to address local issues. In addition to their participation in the TEAC and Subregional RTEP Committees meetings, stakeholders can also provide written comments on the development of baseline upgrades and Supplemental Projects. Written comments can be provided to PJM through the Planning Community on PJM.com.

For administrative convenience, RTEP projects (i.e., baseline upgrades) are separated into Regional RTEP Projects (230 kV and above) and Subregional RTEP Projects (below 230 kV) (referred to collectively herein as "RTEP Projects"), as defined in the Operating Agreement, in order to make an initial categorization and posting of violations and upgrades that will enable stakeholders to more easily sort through and review issues of interest.

Regional RTEP Projects and Supplemental Projects (230 kV and above) will be reviewed at the TEAC. Subregional RTEP Projects and Supplemental Projects (below 230 kV) will be reviewed at the applicable Subregional RTEP Committee. The Subregional RTEP Committee is responsible for the initial review of Subregional RTEP Projects. For Regional and Subregional RTEP Projects, the TEAC and Subregional RTEP Committees follow the procedure set forth in the Operating Agreement, Schedule 6 specific to the TEAC and other applicable PJM committee procedures. For Supplemental Projects subject to Attachment M-3, the Attachment M-3 Process will apply.

Review of RTEP Projects and Supplemental Projects at the TEAC and/or Subregional RTEP Committees normally occurs during the February through August RTEP stakeholder analysis and review periods (see Exhibit 1). However, additional Supplemental Projects for unforeseen needs that a PJM Transmission Owner identifies later in the year will follow OATT, Attachment M-3 Process for inclusion in the RTEP.

Stakeholders will be provided the information necessary for participation in the discussions and evaluations, including: (1) the PJM and/or Transmission Owners models, criteria and assumptions that underlie transmission system plans, (2) the procedure to access the study information necessary to replicate the PJM and/or Transmission Owner planning studies and participate in the evaluation and discussion of the identified need, (3) information regarding the project proposed to address the identified need, (4) the current cost estimate for the project, and (5) a description of the proposed modifications to existing facilities that may be part of the project.

In addition, projects that originate through Transmission Owner planning will be posted on the PJM web site. This site will include all currently planned baseline upgrades and newly planned Supplemental Projects and Transmission Owner Initiated projects from past RTEP cycles that are yet to be placed in-service). This website provides tracking information about the status of listed projects and planned in-service dates. It also includes information regarding criteria, assumptions, and availability of study cases.

## **1.3 Planning Assumptions and Model Development**

### **1.3.1 Reliability Planning (including Operational Performance and Public Policy Planning)**

PJM's planning analyses are based on a consistent set of fundamental assumptions regarding load, generation and transmission built into power flow models. Load assumptions are based on the annual PJM entity load forecast independently developed by PJM (found at <http://www.pjm.com/planning/resource-adequacy-planning/load-forecast-dev-process.aspx>.) This forecast includes the basis for all load level assumptions for planning analyses throughout the 15 year planning horizon. Generation and transmission planning assumptions are embodied in the base case power flow models developed annually by PJM and derived from the Eastern Reliability Assessment Group processes and procedures pursuant to NERC standard MOD-032, as well as Transmission Owners' assumptions included in their respective FERC Form No. 715. As necessary, PJM updates its models (e.g., power flow, short circuit, and stability) with the most recent data available for its own regional studies. All PJM base power flow and related information are available pursuant to applicable Critical Energy Infrastructure Information, Non-Disclosure, and OATT-related requirements (accessible via <http://www.pjm.com/planning/rtep-development/powerflow-cases.aspx> or by contacting the PJM Planning Committee contacts.) Each type of RTEP analysis (e.g., load deliverability, generator deliverability etc.) encompasses its own methodological assumptions as further described throughout the rest of this Manual. Additional details regarding the reliability planning criteria, assumptions, and methods can be found in following sections and this manual's Attachments.

Attachment J contains the checklist for the new equipment energization process to be utilized by Transmission Owners and Designated Entities from inception to energization of upgrade projects.

### **1.3.2 Economic Planning**

PJM will perform a market efficiency analysis each year, following the completion of the near-term reliability plan for the region. PJM's market efficiency planning analyses will utilize many of the same starting assumptions applicable to the reliability planning phase of the RTEP development. In addition, key market efficiency input assumptions, used in the projection of future market inefficiencies; include load and energy forecasts for each PJM zone, fuel costs and emissions costs, expected levels of potential new generation and generation retirements and expected levels of demand response. PJM will input its study assumptions into a commercially available market simulation data model that is available to all stakeholders. The data model contains a detailed representation of the Eastern Interconnection power system generation, transmission, and load. In addition, the market efficiency analysis of the cost/benefit of potential market efficiency upgrades will also include the discount rate and annual revenue requirement rate. The discount rate is used to determine the present value of the enhancements' annual benefits and annual cost. The annual revenue requirement rate is used to determine the enhancements' annual cost. PJM will finalize the market efficiency analysis input assumptions soon after the development of the PJM load forecast that is generally available approximately in late January. Prior to finalizing, PJM will review the proposed assumptions at the PJM Transmission Expansion Advisory Committee. This review will provide the opportunity for stakeholder review of and input to all of the key assumptions that form the basis of the market efficiency analysis. In this way, PJM will facilitate a comprehensive stakeholder review and input regarding RTEP study assumptions. All final assumptions and analysis parameters will be presented to the TEAC for discussion and review and to the PJM Board for consideration.

### **1.3.3 FERC Form No. 715**

The Transmission Owner's process specific to the Transmission Owner's zone, including projects that could address the end of useful life of existing facilities, which, in accordance with good utility practice, is not determined by the facility's service life for accounting or depreciation purposes, may be memorialized as Transmission Owner planning criteria under the Transmission Owner's FERC Form No. 715.

### **1.3.4 Supplemental Projects**

Supplemental Projects are included in both PJM and Transmission Owners planning models for the applicable reliability studies conducted outside the Attachment M-3 Process, to the extent the Supplemental Project impacts the transmission system.

The Transmission Owners' planning of Supplemental Projects follows the sequence of steps set out in the Attachment M-3 Process. Commencing September of the year preceding the next RTEP year, PJM will include as part of the model development for the next year's RTEP base case (see 18-month planning cycle illustrated in Exhibit 1 in this Manual), those Supplemental Projects submitted by the Transmission Owners for inclusion in the Local Plans in the July timeframe.

Additional Supplemental Projects for unforeseen needs that a PJM Transmission Owner identifies later in the year, and which are finalized after July, may be included in the RTEP base case if the inclusion of these projects would not disrupt analysis associated with the development of the RTEP violations. Such additional Supplemental Projects must comply with the Attachment M-3 Process. Once PJM issues its preliminary RTEP models for verification, PJM will not consider a subsequently-submitted proposed Supplemental Project that would alleviate a violation identified in the proposal window. However, a Transmission Owner, or any other pre-qualified Designated Entity, may submit a project proposal for consideration in the proposal window to address a posted violation that would also address a related need identified in the Attachment M-3 process.

## 1.4 RTEP Process Key Components

PJM's goal is to ensure electric supply adequacy and to enhance the robustness of energy and capacity markets. Achieving these objectives requires the successful completion of PJM's planning, facility construction and operational and market infrastructure requirements.

### 1.4.1 Key Process Drivers

Key components of PJM's 15-year transmission planning process discussed in this Manual include:

#### 1.4.1.1 Baseline reliability analyses:

The PJM Transmission System ("PJM System") provides the means for delivering the output of interconnected generators to the load centers in the PJM energy and capacity markets. Baseline reliability analyses ensure the security and adequacy of the Transmission System to serve all existing and projected long term firm transmission use including existing and projected native load growth as well as long term firm transmission service. RTEP baseline analyses include system voltage and thermal analysis, and stability, load deliverability, and generator deliverability testing. These tests variously entail single and multiple contingency testing for violations of established NERC reliability criteria regarding stability, thermal line loadings and voltage limits. Baseline reliability analyses are discussed in more detail in Section 2 and Attachment C.

#### 1.4.1.2 Economic analyses (Market Efficiency studies):

In addition to reliability based analyses PJM also evaluates the economic merit of proposed transmission enhancements. These analyses focus on the economic impacts of security constraints on production cost, congestion charges to load and other econometric measures of market impacts. PJM's market efficiency analyses are discussed in Section 2 of this Manual and Attachment E. PJM development of economic transmission enhancements is also codified under Schedule 6 of the PJM Operating Agreement.

#### 1.4.1.3 Operational performance issue reviews and accompanying analyses:

Maintaining a safe and reliable Transmission System also requires keeping the transmission system equipment in safe, reliable operating condition as well as addressing actual operational needs. On an ongoing basis, PJM operating and planning personnel assess the PJM transmission development needs based on recent actual operations. This may lead to special studies or programs to address actual system conditions that may not be evident through projections and system modeling.

To ensure that system facilities are maintained and operated to acceptable reliability performance levels, PJM has implemented an Aging Infrastructure Initiative to evaluate appropriate spare transformer levels and optimum equipment replacement or upgrade requirements. This initiative, based on a Probability Risk Assessment (PRA) process, is intended to result in a proactive, PJM-wide approach to assess the risk of facility failures and to mitigate operational and market impacts. Section 2 of this manual provides further discussion of the PRA process.

#### 1.4.1.4 FERC Form No. 715

Each Transmission Owner specifies reliability criteria it uses to evaluate system

performance in its FERC Form No. 715 filing. As part of the RTEP process, PJM will identify system needs using each Transmission Owner's planning criteria, which could include end of useful life, which, in accordance with good utility practice, is not determined by the facility's service life for accounting or depreciation purposes and other asset management activities, reflected in the Transmission Owner's FERC Form No. 715.

#### 1.4.1.5 Supplemental Project Planning

Transmission Owner may identify a need associated with a transmission expansion or enhancement not required to comply with the PJM reliability, operational performance, FERC Form No. 715 or economic criteria. The PJM Transmission Owners plan Supplemental Projects in accordance with the Attachment M-3 Process. Projects planned through the Attachment M-3 Process could include those that: (i) expand or enhance the transmission system; (ii) address local reliability issues; (iii) maintain the existing transmission system; (iv) comply with regulatory requirements; or (v) implement Transmission Owner asset management activities (which could include needs related to a transmission facility approaching the end of its useful life, which, in accordance with good utility practice, is not determined by the facility's service life for accounting or depreciation purposes).

#### 1.4.1.6 Customer-Funded Upgrade analyses:

A Customer-Funded Upgrade is a Network Upgrade, Local Upgrade, or Merchant Network Upgrade (Network Upgrade) the cost of which is paid for by a New Service Customer. All entities requesting interconnection of a generating facility (including increases to the capacity of an existing generating unit) or requesting interconnection of a merchant transmission facility within the PJM region must do so through PJM's interconnection process detailed in OATT, Parts IV and VI. PJM studies the interconnection and deliverability of generation or Transmission Interconnection Requests or Upgrade Requests in the local area at the Point of Interconnection to determine whether Customer-Funded Upgrades are required to either interconnect to the system or upgrade existing transmission facilities. The interconnection process and deliverability testing procedures are discussed further in this Manual at Attachment C and Manual 14A. The evaluation of generation and merchant transmission interconnection requests is codified in the OATT, Parts IV and VI (available on the PJM Web site at <http://www.pjm.com/>).

#### 1.4.1.7 The Final RTEP Plan:

Based on all of the requirements for firm transmission service on the PJM System, PJM develops an annual RTEP to meet those requirements on a reliable, economic system development and environmentally acceptable basis.

Furthermore, by virtue of its regional scope, the RTEP process assures coordination of expansion plans across multiple transmission owners' systems, permitting the identification of the most efficient or cost-effective expansion plan for the region. The RTEP developed through this process is reviewed and approved by PJM's Board of Managers. The Supplemental Projects are integrated into the RTEP, however the Board does not approve individual Supplemental Projects. The following Section 2 describes the PJM RTEP Process analysis.

### **1.4.2 Coordination of Baseline Upgrades, Supplemental Projects and Customer-Funded**

## **Upgrades**

Changes to the transmission system are incorporated into the RTEP base case based on the process drivers outlined in section 1.4.1 above in the form of three different types of upgrades or projects: 1) baseline upgrades (see sections 1.4.1.1 – 1.4.1.4); 2) Supplemental Projects (see sections 1.4.1.5); and 3) Customer-Funded Upgrades (see sections 1.4.1.6).

During the course of reviewing any upgrade or project, PJM will work with stakeholders to identify any upgrades or projects, or portions thereof that interact electrically. By doing so, PJM is able to determine the proper classification of a project based on one or more types of drivers, as well as develop the more efficient or cost-effective solutions.

### **1.4.2.1 When a Need is identified in the Attachment M-3 Process that requires development of a Supplemental Project (not yet included in RTEP base case)**

During a review of the RTEP analysis, it may become apparent that a supplemental need identified in the Attachment M-3 Process may interact with an identified violation, system condition, economic constraint, or public policy requirement posted on the PJM website. In this case, PJM will provide notice of the potential interaction associated with the posted system condition by posting the newly available information to the PJM website and provide notification to stakeholders. In addition, PJM may determine whether to lengthen an open proposal window in order to permit project proposers additional time to consider the availability of new or changed information. PJM can consider proposals, including proposals in its open proposal window that more efficiently and cost-effectively address both the identified baseline need(s) and any contributing or proximate-supplemental needs identified in the Attachment M-3 Process.

### **1.4.2.2 When a Supplemental Project is submitted for inclusion in the Local Plan (not yet included in RTEP base case)**

During a review of the RTEP analysis, including input from stakeholders, it may become apparent that a Supplemental Project submitted for inclusion in the Local Plan, but not yet included in the RTEP base case, may interact with an identified violation, system condition, economic constraint, or public policy requirement posted on the PJM website. In this case, PJM will provide notice of the potential interaction associated with the posted system condition included in the PJM open ~~competitive Project~~ proposal window. In addition, PJM may determine whether to lengthen the open proposal window in order to permit project proposers additional time to consider the availability of new or changed information regarding the facilities associated with the open proposal window, including any contributing or proximate supplemental needs identified in the Attachment M-3 Process.

In the development of the RTEP, PJM shall examine whether a possible baseline upgrade would more efficiently and cost-effectively address the identified regional need, as well as a supplemental need addressed by a proposed Supplemental Project.

If PJM identifies that a possible baseline upgrade would more efficiently and cost-effectively address the identified regional need, as well as a supplemental need, PJM will discuss with the relevant Transmission Owner and other stakeholders at the next appropriate Subregional RTEP or TEAC meeting. PJM shall submit the proposed baseline upgrade to the PJM Board for inclusion in the RTEP.

The Transmission Owner shall determine whether the baseline upgrade meets the supplemental need addressed by the proposed Supplemental Project and, if so, the Transmission Owner will withdraw the project from inclusion in the Local Plan. The Transmission Owner will inform PJM and the stakeholders at the next appropriate Subregional RTEP or TEAC meeting that the Supplemental Project will not be submitted for inclusion in the Local Plan.

If the Transmission Owner subsequently determines that the supplemental need is not met, the TO at the next appropriate Subregional RTEP or TEAC meeting will: (1) provide documentation to PJM and the stakeholders on the rationale supporting its determination; and, (2) inform PJM and the stakeholders that the Supplemental Project will be submitted for inclusion in the Local Plan. Accordingly, PJM will include the proposed Supplemental Project in the next RTEP base case. After discussion with the relevant Transmission Owner, PJM will notify the relevant regulatory siting authority, if applicable, when a Supplemental Project is being reviewed that PJM has identified a baseline violation for which the baseline regional solution may impact the supplemental need for the Supplemental Project.

Any disputes arising under Attachment M-3, including any substantive and procedural disputes arising from the transmission planning process, may be resolved in accordance with the dispute resolution procedures in Schedule 5 of the Operating Agreement.

#### **1.4.2.3 When a baseline upgrade is included in RTEP base case (in a prior RTEP cycle) and a Supplemental Project or Customer-Funded Upgrade is identified which interacts with the need for the baseline upgrade**

PJM will review the needs for each of the upgrades or projects and review these needs with the stakeholders. This review will include, but is not limited to, the determination of how each upgrade or project may or may not satisfy the needs of one or more of the processes, and a review of the proposed schedules for the upgrades or projects and the system timing needs in order to inform these discussions.

Following a review of the applicable information, PJM shall determine the steps to be taken in order to preserve baseline reliability while also accommodating other system needs for the M-3 and the New Services Queue processes. Stakeholders will be provided an opportunity to discuss PJM's findings prior to PJM making a decision as to how PJM will proceed.

The Transmission Owners provide status updates in accordance with Section 6 of Manual 14C. Such status updates should include an indication of any relevant regulatory siting authority approval necessary for the project and the status of such approval. If at any time, PJM identifies a baseline need where a possible baseline upgrade would more efficiently and cost-effectively address the baseline need, as well as the identified needs for any proposed Supplemental Project, PJM will notify the relevant regulatory siting authority where the Supplemental Project is being reviewed that PJM has identified a baseline violation for which the baseline upgrade may impact the supplemental need for the Supplemental Project.

#### **1.4.3 Addition and Removal of System Projects or Upgrades from the RTEP Base Cases**

The development of an RTEP requires PJM to maintain a base case that includes all previously-identified system reinforcements regardless of the driver to be used in its analysis of system needs.

Each year, PJM must lock down the assumptions included in the annual RTEP base case in order to move forward with its analysis. PJM will employ the following guidelines regarding when to include the following types of projects or upgrades in the annual RTEP base case:

1. Baseline upgrades will be included in the next RTEP base case once the baseline upgrade is approved by the PJM Board in accordance with Schedule 6 of the Operating Agreement
2. Customer-Funded Upgrades will be included in the next RTEP base case once: (1) the Customer-Funded Upgrades are included in an executed Interconnection Service Agreement, Upgrade Construction Service Agreement, Wholesale Market Participation Agreement or Transmission Services Agreement; or, (2) if the completion of the RTEP requires inclusion of New Service Queue Requests with an executed Facilities Study

Agreement in order to meet the new load requirements resulting from normal forecasted load growth.

3. Supplemental Projects will be included in the next RTEP base case following inclusion of the Supplemental Project in the Local Plan, consistent with section 1.4.2.2 above.
4. A Customer-Funded Upgrade may be removed from the RTEP base case upon termination or cancellation of an executed service agreement provided such upgrade is not required by a subsequent New Services Queue Request with an executed service agreement.
5. If a relevant regulatory siting authority denies a siting application for a project included in the RTEP or refuses to allow the project to move forward under the conditions specified in such order and such order is a final regulatory order exhausting all regulatory process, the following guidance is provided:
  - a. The entity receiving a final regulatory order from the relevant regulatory siting authority shall promptly notify and provide PJM with a copy of such order;
    - i. Upon receipt of such notice, PJM will review the impacts associated with removing the project from the RTEP or continuing to include such project in light of such final regulatory order (see section 1.4.2 above for guidance relative to the review process);
  - b. PJM shall present to the TEAC the results of PJM's re-evaluation for review and comment.
  - c. A Project denied siting authority in a final regulatory order by the relevant regulatory siting authority will generally be removed from the RTEP base case as determined by PJM after discussion with the relevant Transmission Owner(s) or Designated Entity and vetting with stakeholders at the TEAC. A project will generally not remain in the RTEP base case during the duration of a court appellate action. Decisions to remove a baseline upgrade from the RTEP base case will be submitted to the PJM Board and decisions to remove a Supplemental Project from the RTEP base case will be provided to the applicable Transmission Owner. In those circumstances in which PJM determines the need to deviate from this guidance, PJM will discuss such decisions with the TEAC.