

## **Issue Charge - Designated Entity Agreement Review**

### **Issue Source**

East Kentucky Power Cooperative, Exelon, and Public Service Electric and Gas Company.

### **Issue Content**

This effort is intended to:

1. Ensure that the terms of the *pro forma* Designated Entity Agreement (DEA) contained in Tariff Attachment KK are appropriate to ensure that entities assigned construction responsibility for a Regional Transmission Expansion Plan (RTEP) project are bound by clear obligations that support efficient construction in a manner consistent with grid reliability.
2. Ensure the appropriate application and use of the DEA.

### **Key Work Activities and Scope**

1. Education on the following topics specific to the DEA:
  - a. Typical project development and construction schedule steps and milestones.
  - b. Similarities and the differences (and rationale for those similarities and differences) between the *pro forma* DEA, relevant Consolidate Transmission Owners' Agreement (CTOA) provisions, and Construction Responsibility Letters.
  - c. Relevant past stakeholder discussions where the current DEA policy was developed and any information regarding those materials (e.g. why was security required, and why was three percent selected as the appropriate amount?)
  - d. Relevant FERC Proceedings.
  - e. Status quo policies and expectations for DEAs.
  - f. Comparison of the application of any ambiguities in the current Operating Agreement (OA) provisions.
2. Develop potential changes to the *pro forma* DEA in Tariff Attachment KK.
3. Discuss appropriate use and application of the DEA, and develop any necessary clarifying revisions to OA definitional section and OA Schedule 6, section 1.5.8.
4. Consider a cost benefit analysis of the different solution options related to the DEA security requirement and implications of the different solution options.

### **Expected Deliverables**

Potential revisions to Tariff Attachment KK and OA definitional section and OA Schedule 6, section 1.5.8, and PJM Manuals as necessary.

### **Out of Scope**

1. Any revisions that would change the rights and responsibilities of PJM and the Transmission Owners under the CTOA.

**Decision-Making Method**

Tier 1, consensus on a single proposal

**Stakeholder Group Assignment**

Special sessions of the Planning Committee, with independent PJM facilitation team.

**Expected Duration of Work Timeline**

5 months

- Priority Level – High
- Timing – Immediate
- Meeting Frequency – Approximately every three weeks

**Charter-no**