

LS POWER

Presentation to Special PC

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**A Delay to July MRC Is Needed to
Further Work Through
Four Main Issues**

LS Power and DC Office of
People's Counsel Agree with PJM's
Request

**At the heart of this entire discussion is
PJM's fundamental authority over its
Regional Plan as reflected in its Operating
Agreement.**

**LS Power's edits to the Manual are intended
to reflect the current Operating Agreement
with respect to PJM's control over the
RTEP.**

Issue One - No Conversion:

Supplemental Projects Should Not Be Able
to be Converted to Baseline Projects
(eligible for Regional Cost Allocation),
absent going through Order 1000 planning
process

Status: As of Monday's Special PC, making
progress but discussion still needed.

Issue Two - Displacement of Supplemental Projects Through Strong Regional Planning

Current PJM Proposed Manual does not recognize that under PJM's existing Operating Agreement, regional projects submitted through Order No. 1000 windows can displace Supplemental Projects with more cost-effective regional solutions

Status: LS Power / DC Office of People's Counsel edits clarify that PJM can consider proposals in its Order 1000 windows that address combined supplemental and regional needs. A Supplemental Project should be able to be removed from the RTEP and displaced by a PJM-determination that a project proposed in an Order No. 1000 window can more efficiently and cost-effectively address both the regional need and Supplemental Project need.

Order No. 1000 and DC Circuit Has Upheld Displacement of Local Projects in the Regional Planning Process.

Order No. 1000 reforms were meant to ensure that regional planners properly evaluate transmission alternatives at local, regional and interregional levels to produce the more efficient or cost-effective regional plan.

Current PJM Operating Agreement reflects that “all transmission need information” should be posted in Order 1000 windows.

FERC Solicitor clearly confirmed and DC Circuit upheld, “local transmission projects may be displaced by more efficient (or less expensive) regional projects; regional transmission projects may be displaced by more efficient (or less expensive) interregional projects”.

See DC Circuit Case No. 16-1150 at 33.

Issue Three- Maintaining the Integrity of the Order 1000 competitive windows

Supplemental Projects (and the timing of their submission) should not be allowed to undermine the integrity of the open Order 1000 windows.

Status: LS Power / DC Office of People's Counsel edits state that once PJM opens a project proposal window, PJM may not consider subsequently-submitted Supplemental Projects that would impact the need identified in the project proposal window, unless submitted in the proposal window.

Making progress in stakeholder process on this topic.

Issue Four- PJM's Authority and Policy Related to Removing Supplemental Projects from RTEP if Permits Are Denied in Final Agency Order

Current PJM Proposed Manual outlines that Supplemental Projects will not be removed from RTEP when the Permits Are Denied by the State Commission. Rather, they remain in RTEP through the multi-year appellate process.

Status: LS Power / DC Office of People's Counsel edits state that Projects will generally be removed from the RTEP when the Project is Denied in a Final Agency Order.

Some have advocated that another alternative is to not put Supplementals into the RTEP until the State has issued CPCN. ⁸