



Proposal Fee Structure Review

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- Current Structure
- “Flat Fee” based on proposing entity project cost estimate
- Drivers/need for re-structuring effort

Proposal Cost Estimate	Fee
<\$20M	\$0
\$20M-\$100M	\$5k
>\$100M	\$30k

- **Proposed approach:**
 - **Deposit + Actual Study Costs in excess of Deposit**
 - Deposit required = Estimated Cost of Proposal is $> \$1M$
 - Non-refundable, due at close of window
 - Applied toward any actual study costs
 - No Deposit required = Estimated Cost of Proposal is $\leq \$1M$
 - Actual study costs
 - PJM will track per proposal:
 - Will include: PJM staff labor, Independent Consultant expense

Proposed approach examples:

- Example #1:
 - Project sponsor submits a proposal with an estimated cost of \$500k.
 - Deposit = \$0
 - Actual study costs of \$3k are incurred. PJM will invoice the project sponsor for \$3k.
- Example #2:
 - Project sponsor submits a proposal with an estimated cost of \$20M.
 - Deposit = \$5k
 - Actual study costs of \$3k are incurred and are covered by the non-refundable deposit.
- Example #2:
 - Project sponsor submits a proposal with an estimated cost of \$10M.
 - Deposit = \$5k
 - Actual study costs of \$10k are incurred. PJM will invoice the project sponsor for \$5k.

Next Steps

- 9/6/2019
 - Original version posted to PJM.com