Competitive Transmission Proposal Fee Structure Review

Mark Sims
Manager, Infrastructure Coordination
Planning Committee
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Current Fee Structure

• Issue:
  – Individual proposal evaluation costs may not be reflected in the current flat fee structure.

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

<table>
<thead>
<tr>
<th>Proposal Cost Estimate</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$20M</td>
<td>$0</td>
</tr>
<tr>
<td>$20M-$100M</td>
<td>$5k</td>
</tr>
<tr>
<td>&gt;$100M</td>
<td>$30k</td>
</tr>
</tbody>
</table>
Proposed Fee Structure
Major Steps

Initial $5k Deposit
• Except for proposed projects less than $5M

PJM estimates work
• Issue invoice

PJM receives invoiced estimated fees
• From individual project sponsors

PJM coordinates evaluation
• Update estimate as necessary
  • If projected costs exceed a threshold value, PJM notifies project sponsor*

Reconcile final actual fees

Issue refund or final invoice

* Update following 10/31/2019 MRC feedback. Threshold value to be defined in Manual 14F – Attachment C – Proposal Fee language.
Non-severable Costs

- Additional language underlined below is recommended to address non-severable costs.

- (c)(1)(i) In addition, any proposing entity indicating its intention to be the Designated Entity will be responsible for and must pay all actual costs incurred by the Transmission Provider and/or third parties to evaluate the submitted project proposal. To the extent the Transmission Provider incurs costs to evaluate multiple submitted project proposals where such costs are not severable by individual project proposal, the Transmission Provider shall invoice equal shares of the non-severable costs among the project proposals that cause such non-severable costs to be incurred. Notwithstanding this method of invoicing non-severable costs, non-severable costs will be jointly and severally owed by the proposing entities that cause such costs to be incurred.
Proposed Fee Structure
Next Steps

• Operating Agreement draft posted with meeting materials:

• First Read of Operating Agreement language to support proposed fee re-structure
  – October 17, 2019 PC
  – October 31, 2019 MRC

• Request for Endorsement of Operating Agreement language to support proposed fee re-structure
  – November 14, 2019 PC
  – December 5, 2019 MRC