I. NGO Comments for consideration at and beyond the February 16, 2012 Planning Committee Meeting

A. Scenario Analysis

PJM is proposing to look at various “scenarios” or sensitivities during, or alongside, the 2012 RTEP analysis. These “scenarios” will alter one or more assumptions in the RTEP base case and analyze the results. To date, PJM has proposed to look at three different “scenarios” in addition to the baseline RTEP analysis – RPS, high load growth, and some potential generation retirements per the analysis of PJM’s in-house economist Dr. Paul Sotkiewicz. See January 12, 2012 TEAC at slides 23-31. PJM has invited stakeholders to submit recommendations for other scenarios to be analyzed. The NGOs recommend that PJM also look at the following two scenarios:

- In accordance with FERC Order 1000, one scenario should consider impacts of all state and federal laws and regulations that can affect transmission system planning (EE, DR, peak load reduction requirements, etc.).

- One scenario should evaluate the effects of including all the Demand Response and Energy Efficiency that clears PJM’s RPM auction in all of PJM’s tests (i.e., include DR and EE upstream of the flowgate being evaluated in PJM’s Generator Deliverability and Common Mode Outage tests, instead of only including DR and EE that clears the RPM Auction in the Load Deliverability Test).

B. Proposed Generator Deliverability Test Method Changes

At the January 12, 2012 Planning Committee meeting, and also on the agenda for the upcoming February 16, 2012 Planning Committee Meeting, PJM suggests some changes to its Generator Deliverability test. The Generator Deliverability Test is used to evaluate proposed new generation in the queue, and the same Generator Deliverability Test is used in the RTEP analysis. The potential issue involves “adder generation” - generation that is “added” to the pool of generation units that should be able to pass through a given flowgate in the Generator Deliverability Test. The problem PJM is trying to fix involves potential flowgate overloads that PJM has attributed to electrically remote adder generation. Thus, PJM is attempting to reduce the amount of “adder generation” that must flow through a given flowgate during the Generator Deliverability Test. *NGOs support PJM’s proposed fix in principle, but seek some clarification on the methodology - and more clarity on the proposed manual changes - proposed to implement the solution.*

PJM is proposing to limit the amount of adder generation *automatically*, by embedding an algorithm in the model. However, the initially-proposed method/algorithm seemed to cause as many new problems as it fixed – i.e., see slides 7-9 from PJM’s January 12, 2012 Planning Committee meeting entitled “Generator Deliverability Test Methods Proposed Change”. For example, as described in those

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slides, after removing the adder generation using the proposed method, 10% of the facilities (50 different facilities) saw an increase in loading - and there were at least 12 new potential reliability violations.

However, in PJM’s slides for the February 16, 2012 Planning Committee meeting - also entitled “Generator Deliverability Test Methods Proposed Change” - the amount of increased overloads and new reliability issues has decreased from those identified on January 12 at slides 7-9, despite the fact that the exact same formula for calculating a new CETO automatically for each flowgate is being proposed

\[\text{Estimated CETO} = 1.08 \times (\text{Bus Loads} + \text{Losses} - \text{Diveraity} - \text{DR}) - (1-1\times\text{EEFORD}) \times \text{ICAP} + \text{largest unit}\]

The only difference between the methodologies proposed on January 12 and February 16th appears to be in the “Total Cap Calculation”, shown on slide 7 of the February 16, 2012 presentation. The NGOs seek the following clarifications on the proposed Manual 14B changes involving the Generation Deliverability test:

- Is the reduction in certain flowgate overloads after removing the adder generation shown between the January 12 and February 16, 2012 slides due to the “Total Cap Calculation”?

- If the decrease in overloads from January 12 to February 16 is not due to the “Total Cap Calculation”, what caused the change in overloads between January 12 and February 16?

- The proposed manual 14B revisions to implement the recommended Generator Deliverability test changes \textit{do not} seem to include any changes to implement the “Total Cap Calculation” (or whatever changed since January 12th that caused certain decreases in flowgate loadings). In fact, the only difference in the proposed Manual 14B changes between January 12th and February 16th appears to be the fact that the language “along with any positive impact from CBM that is utilized” is no longer added to the paragraph before “Step 6” in the Generator Deliverability test.

- The NGOs recommend that clearer, more transparent language should be added to manual 14B to fully describe the exact methodology that will be followed in the Generator Deliverability test, including the changes made to the test methodology between January 12th and February 16, 2012 that PJM claims decreased flowgate overloads after PJM applied the proposed new methodology.