May 23, 2012

Steve Herling
Vice President of Planning
PJM Interconnection
955 Jefferson Avenue Valley Forge Corporate Center
Norristown, PA 19403-2497

Dear Steve,

Enclosed please find the joint request to PJM to evaluate the Atlantic Wind Connection (AWC) project as a transmission solution to our combined offshore renewable energy needs.

We appreciate PJM’s cooperation in providing us with the information that we request.

[Signatures]

Collin O’Mara
Secretary, Department of Natural Resources and Environmental Control

Malcolm Woolf
Director, Maryland Energy Administration

Enclosure
Request to Study the Atlantic Wind Connection Project

and Request For Scoping Meeting

1. New Jersey, Delaware, Maryland, and Washington D.C. (Eastern PJM States) hereby jointly request PJM to evaluate the Atlantic Wind Connection (AWC) project as a transmission solution to their combined offshore renewable energy needs. The Eastern PJM States would like PJM to:

   (i) Quantify the various categories of benefits that AWC will provide, including impacts on reliability, market efficiency, congestion costs, LMPs, and capacity payments relative to a baseline scenario without AWC;

   (i) Identify the likely beneficiaries within the states served by PJM,

(ii) Quantify the distribution of the benefits among the beneficiaries.

The Eastern PJM States would also like PJM to indicate how AWC would be treated under the Critical Mass Approach ("CMA") as it is currently envisioned by PJM. The Eastern PJM States further request that PJM calculate the additional reliability and congestion costs and benefits that would result from the ability of the AWC backbone line to provide power into the northern New Jersey market including the additional revenues that would be available to wind developers.

2. In examining how the transmission method selected for offshore wind projects may impact the PJM states generally, and the states that support offshore wind energy in particular, the Eastern PJM States request that PJM consider, at a minimum, alternate transmission approaches as outlined in the table below (and shown on the attached maps). To the extent PJM needs to prioritize tasks, we suggest starting with the 3,000 MW configuration for study year 2019, followed by 7,000 MW for study year 2023.

<table>
<thead>
<tr>
<th>Radial Transmission</th>
<th>Backbone Transmission</th>
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<tr>
<td>2,000 MW</td>
<td>3,000 MW</td>
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<td>Each wind farm builds a single-purpose transmission system from the farm in the applicable NJ, DE, MD or VA Wind Energy Area (WEA) to a close-by terrestrial interconnection point with the PJM grid. Technical limitations on each interconnection point</td>
<td>An early phase of the AWC offshore backbone system using two, 1,000 MW offshore hubs connected to the Cardiff Substation in southern New Jersey and the Hudson Substation in northern New Jersey.</td>
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<td>Building on the 3,000 MW AWC backbone system, an additional phase is added to connect a 1,000MW hub in the Virginia WEA to the Navy Substation in Norfolk and to the Delaware WEA. Also, an additional 3,000-MW circuit is added</td>
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conventional AC cable transmission capacity and upgrade cost considerations apply. connecting Fentress (VA), Vienna (MD) and Sewaren (NJ) Substations to additional 1,000-MW offshore hubs in the VA, MD and NJ WEAs.

3. The Eastern PJM States are interested in understanding:

   (i) How the transmission method employed affects New Jersey, Delaware, Maryland and the other PJM states. In particular, for each scenario:

   a. Describe the overall capacity and LMP payment reductions, production cost savings and avoided congestion costs for PJM as a whole and the distribution of those benefits within the various PJM member states;

   b. Describe the reliability benefits for PJM as a whole and the distribution of those benefits within the various PJM member states;

   c. Describe the pollution reduction benefits, in tons per year, for PJM as a whole and the distribution of those benefits within the various PJM member states. What are the contributions of alternative offshore wind transmission scenarios to the reduction of emissions from western coal plants that contribute to non-attainment in eastern PJM states? Which of the alternative offshore wind transmission scenarios are likely to be more effective in lessening the reliability impact of generation retirements that are driven by federal air pollution regulations?; and

   d. Describe any other benefits, costs, or other obligation that may be incurred by the States based upon the proposed scenario, and the expected allocation of such benefits, costs, or other obligations.

   (ii) The extent to which benefits increase as a result of using the AWC backbone system to deliver energy into high-priced markets as opposed to low-priced markets. In that connection, we request that PJM employ modeling techniques designed to reflect the manner in which an active, controllable network like AWC may be operated by PJM to maximize the value of the injected wind energy.

4. We understand that PJM must look at these questions in concert with PJM’s other planning studies. We would appreciate periodic updates as your work on our study request progresses.

5. In making this request, the Eastern PJM States emphasize that none of these states is at this time expressly or implicitly supporting AWC or any other offshore wind transmission solution. The Eastern PJM States are not at this time asking PJM to include AWC in PJM’s Regional Transmission Expansion Plan. The Eastern PJM States are not in any way agreeing to or
accepting any obligation for cost allocation, and take no position on the inclusion or exclusion of any particular project in the PJM planning process.
Figure 1. Radial Connection
Figure 3. 3000 MW
Figure 4. 7000 MW