

Preliminary Responses to Stakeholder Questions from August 27, 2024 Education Session

Emmanuele Bobbio
Principal Economist
Scenario Analysis & Special Studies
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- This deck discusses PJM's preliminary answers to questions asked by stakeholders during the education session (August 27's TEAC Special Session on Order 1920)
- PJM welcomes additional feedback on each of these questions from stakeholders as we work together to develop PJM's Order 1920 compliance filing

1. Do Order 1920 factor requirements apply to scenarios other than the required three Long-Term Scenarios?
2. Does Order 1920 allow TPs to discount factors in Categories Four-Seven down to zero?
3. Does Order 1920 require PJM to consult with the Relevant State Entities on projects' evaluation and selection after implementation?
4. Order 1920 prohibits a selection approach that required a project to meet the selection criteria in all scenarios. How does this prohibition apply when there are other scenarios than the required three Long-Term Scenarios?
5. Does Order 1920 allow PJM to reevaluate projects in circumstances other than those enumerated in the Order?



Do Order 1920 factor requirements apply to scenarios other than the required three Long-Term Scenarios?

- Order 1920 allows Transmission Providers (TPs) to propose to use more than three Long-Term Scenarios (LT Scenarios) on compliance
 - FERC does not expressly state that any additional optional scenario must meet all requirements applicable to the use of the seven required factors
 - FERC acknowledges that TPs will need significant flexibility to implement Order 1920
- PJM believes the answer may vary case-by-case depending for example on:
 - The use of the scenario (e.g., informational vs to identify Needs and Solutions)
 - The nature of the modeling (e.g., if it is a sensitivity on an LT Scenario)



Does Order 1920 allow TPs to discount factors in Categories Four-Seven down to zero?

- Order 1920 permits for the discounting of a factor if the TP concludes that it is unlikely to affect Long-Term Transmission Needs *or* that there is a plausible scenario in which it will not materialize
 - Order 1920 requires the modeling of Factors in Categories Four-Seven that are likely to affect Long-Term Transmission Needs
 - Order 1920 clarifies that it is up to the TP to:
 - Determine if the factor is likely to affect Long-Term Transmission Needs
 - Set appropriate level of discounting, *provided the scenario remains plausible*



Does Order 1920 require PJM to consult with Relevant State Entities on projects' evaluation and selection after implementation?

- Order 1920 requires the TP to demonstrate on compliance that it has consulted with and sought support from Relevant State Entities regarding the proposed Evaluation Process, including Selection Criteria, that it will use to identify and evaluate Long-Term Regional Transmission Facilities (LTRT Facilities) for potential selection
- Although Order 1920 does not require the TP to consult with states on these items after implementation, PJM will continue closely work with its states



Order 1920 prohibits a selection approach that required a project to meet the selection criteria in all scenarios. How does this prohibition apply when there are other scenarios than the required three Long-Term Scenarios? (Reference P 968)

- FERC explained that such an approach could be too stringent and limit the selection of most or all LTRT Facilities
- This rationale seems to suggest that requiring an LTRT Facility to meet the selection criteria in each of the required three LT Scenarios would be in violation of the Order, even if there is an optional fourth scenario
- However this question would need to be evaluated case-by-case, depending on the specific scenario framework, using FERC's rationale

Does Order 1920 allow PJM to reevaluate projects in circumstances other than those enumerated in the Order?

- Order 1920 allows for project reevaluation in limited circumstances* and requires the TP to determine a point after which there is no reevaluation
- Order 1920 seems to rule out the possibility to reevaluate projects in other circumstances: “we require transmission providers to set forth in their OATTs a reevaluation process, as outlined above, that ensures that any reevaluation of Long-Term Regional Transmission Facilities that have been selected *will occur only in the circumstances that we have described.*” P 1057 (emphasis added)

* Circumstances for project reevaluation enumerated in Order 1920:

1. Development delays which raise reliability concerns
2. Significant cost increases (only in subsequent cycles)
3. Changes in laws and regulations such that facility may fail selection criteria (in current cycle only if in-service date falls in second half of 20-year horizon, otherwise in subsequent cycles)

Presenter:

Emmanuele Bobbio

Emmanuele.Bobbio@pjm.com

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Member Hotline

(610) 666-8980

(866) 400-8980

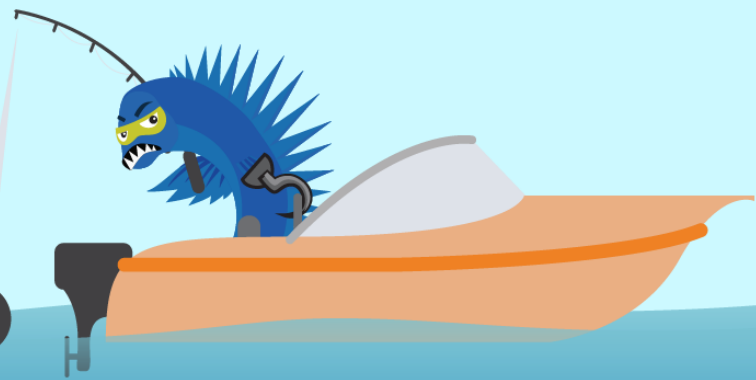
custsvc@pjm.com

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