

### **9.3.7 Development of the Coordinated System Plan.**

#### **9.3.7.1**

Each Party agrees to assist in the preparation of a Coordinated System Plan applicable to the Parties' systems. Each Party's annual transmission planning reports will be incorporated into the Coordinated System Plan, however, neither Party shall have the right to veto any planning of the other Party nor shall either Party have the right, under this Section, to obtain financial compensation due to the impact of another Party's plans or additions. The Coordinated System Plan will be finalized only after the IPSAC has had an opportunity to review it and respond. The Coordinated System Plan shall:

- (a) Integrate the Parties' respective transmission expansion plans, including any market-based additions to system infrastructure (such as generation, market participant funded, or merchant transmission projects) and Network Upgrades identified jointly by the Parties, together with alternatives to Network Upgrades that were considered;
- (b) Set forth actions to resolve any impacts that may result across the seams between the Parties' systems due to the integration described in the preceding part (a); and
- (c) Describe results of the joint transmission analysis for the combined transmission systems, as well as explanations, as may be necessary, of the procedures, methodologies, and business rules utilized in preparing and completing the analysis.

#### **9.3.7.2**

Coordination of studies required for the development of the Coordinated System Plan will include the following: 1) annual issues review to determine the need for a Coordinated System Plan study described in Section 9.3.7.2.a; and 2) Coordinated System Plan study described in Section 9.3.7.2.b.

(a) Determine the Need for a Coordinated System Plan Study.

(i) On an annual basis, *beginning in the fourth quarter of each calendar year and continuing through the first quarter of the following calendar year*, the Parties shall perform an annual evaluation of transmission issues identified by each Party including issues from the respective Party's market operations and annual planning processes, or Third-Parties. This annual review of transmission issues will be administered by the JRPC on a mutually agreed to schedule taking into consideration each Party's regional planning cycles.

(ii) *The JRPC's annual review of transmission issues shall include the following steps:*

*a. Exchange of the following information during the fourth quarter of each calendar year or as specified below:*

*i. Regional issues and newly approved regional projects located near the interface or expected to impact the adjacent region;*

*ii. Newly identified regional transmission issues for which there is no proposed solution;*

*iii. Interconnection and long-term firm transmission service requests under coordination by the Parties located near the interface or expected to impact the adjacent region will be exchanged pursuant to section 9.3.3 and 9.3.4;*

*iv. Market-to-market historical flowgate congestion between the Parties.*

*b. Joint review by the Parties of regional issues and solutions in January of each calendar year;*

*c. Receipt of Third Party issues in the first quarter of each calendar year;*

*d. Review of regional issues with input from stakeholders at the IPSAC meeting conducted during the first quarter of each calendar year; and*

*e. Decision by the JRPC on whether or not to conduct a Coordinated System Plan study.*

(iii) The JRPC through each Party's respective electronic distribution lists shall provide a minimum of 60 calendar days advance notice of the IPSAC meeting *to be held in the first quarter of each year* to review identified transmission issues. Stakeholders may identify and submit transmission issues and supporting analysis no later than 30 calendar days in advance of the meeting for consideration by the IPSAC and JRPC.

(iv) *Within 45 days following the annual issues evaluation meeting with IPSAC in the first quarter of the calendar year, the JRPC will determine, taking into consideration input provided by the IPSAC, the need to perform a Coordinated System Plan study. A Coordinated System Plan study shall be initiated by either of the following: (1) each Party in the JRPC votes in favor of performing the Coordinated System Plan study; or (2) if after two consecutive years in which a Coordinated System Plan study has not been performed, and one Party votes in favor of performing a*

Coordinated System Plan study. The JRPC shall inform the IPSAC of the decision whether or not to initiate a Coordinated System Plan study *within five business days of the JRPC's decision.*

(v) When a Coordinated System Plan study is determined to be necessary, the JRPC shall agree to the start date of the study *and identify whether it is a targeted study as defined in this Section at (vi) or a more complex, two-year cycle study as defined in this Section at (vii).*

(vi) *A Coordinated System Plan study may include targeted studies of particular areas, needs or potential expansions to ensure that the coordination of the reliability and efficiency of the Parties' transmission systems will be conducted during the first half of the calendar year. In years when the Coordinated System Plan study includes only targeted studies as defined herein, they may be conducted at any time during the calendar year but will be targeted for completion within the calendar year in which they are identified.*

(vii) *A Coordinated System Plan study may include more complex, longer duration studies that may involve joint model development of appropriate models to that addresses reliability, market efficiency or public policy needs. Such studies will be conducted on a two-year cycle commencing in the third quarter of the first year of the two-year cycle, if the need is determined by the JRPC. A Coordinated System Plan study scheduled on a two-year cycle will conclude no later than the end of the second year of the two-year cycle.*

(viii) *When a Coordinated System Plan study is determined to be necessary by the JRPC, the specific study process steps will depend on the type and scope of the study. The JRPC shall provide the timely, specific deadlines for each step in the Coordinated System Plan study in a timely fashion following the JRPC's decision to initiate such study.*

(b) Coordinated System Plan Study Process

(i) Each Party will be responsible for providing the technical support required to complete the analysis for the study. The responsibility for the coordinated study and the compilation of the coordinated study report will alternate between the Parties.

(ii) The JRPC will develop a scope and procedure for the coordinated planning analysis. The scope of the studies will include evaluations of issues resulting from the annual coordinated review

and analysis of the Parties transmission issues. The scope and schedule for the Coordinated System Plan study will include the schedule of IPSAC review and input at all stages of the study. Study scope and assumptions will be documented and provided to the IPSAC for review and comment *at an IPSAC meeting scheduled no later than 30 days after the decision to conduct a Coordinated System Plan study.*

(iii) Ad hoc study groups may be formed as needed to address localized seams issues or to perform targeted studies of particular areas, needs, or potential expansions and to ensure the coordinated reliability and efficiency of the systems. Under the direction of the Parties, study groups will formalize how activities will be implemented. *Targeted studies will utilize the best available regional models for transmission and market efficiency analysis.*

(iv) The Coordinated System Plan study will consider the identified issues reviewed by the JRPC and IPSAC for further evaluation of potential remedies consistent with the criteria of this Protocol and each Party's criteria. Stakeholder input will be solicited for potential remedies to identified issues, which includes stakeholder and transmission developer proposals for Interregional Projects. The study scope developed under Section 9.3.7.2(b)(ii) will include the schedule for acceptance of such stakeholder Interregional Project proposals including supporting analyses that address issues identified in the JRPC solicitation.

(v) The Parties will document the scope and assumptions including the process and schedule for the conduct of the study. The scope design will include, as appropriate, evaluation of the transmission system against the reliability criteria, operational performance criteria, economic performance criteria, and public policy needs applicable to each Party.

(vi) The Parties will use planning models that are developed in accordance with the procedures to be established by the JRPC. The JRPC will develop ~~joint~~ study models consistent with the models and assumptions used for the regional planning cycle most recently completed, or underway, as appropriate. If the Coordinated System Plan study requires transmission evaluations driven by different regional needs (for example transmission that addresses any combination of needs including regional reliability, economics and public policy), then the coordination of studies, models, and assumptions will include the analyses appropriate to each region. The Parties will develop compromises on assumptions when feasible and will incorporate study sensitivities as appropriate when different regional assumptions must be

accommodated. Known updates and revisions to models will be incorporated in a comprehensive fashion when new base planning models are available. Prior to the availability of a new comprehensive base model, known updates will be factored in, as necessary, into the review of results. Models will be available for stakeholder review subject to confidentiality and Critical Energy Infrastructure Information (CEII) processes of the Parties. The IPSAC will have the opportunity to provide feedback to the JRPC regarding the study models.

*(vii) When Coordinated System Plan studies are undertaken pursuant to a two-year study cycle defined in this Section at (a)(vii), the following schedule will be followed unless otherwise mutually agreed to be the Parties.*

*a. Parties will provide updated identification of regional issues identified in this Section at (a) in the first year of the two-year cycle from June through September.*

*b. Regional models will be made available to the IPSAC for stakeholder review and comment in the first year of the two-year cycle from June through September.*

*c. Stakeholder Interregional Project proposals, satisfying applicable regional and interregional requirements, will be accepted by PJM in its proposal windows for Long-lead Projects and Economic-based Enhancements or Expansions as detailed in Schedule 6 of the PJM Amended and Restated Operating Agreement.*

*d. Stakeholder identification of Interregional Project proposals satisfying the applicable regional and interregional requirements will be accepted in the MISO regional process typically between January through March of the second year of the two-year cycle.*

*e. The Parties will evaluate each project proposal in its regional process during the second year of the two-year cycle to determine if a project is eligible for inclusion in the respective regional plans. An Interregional Project must be included in each Party's regional plan to become an approved Interregional Project. The Parties shall target the end of the second year of the two-year cycle to include an approved Interregional Project.*

(viii) The IPSAC will have the opportunity to provide input into the development of potential solutions. The JRPC will be responsible for the screening and evaluation of potential solutions, including evaluating the proposed projects for designation as an Interregional Project pursuant to Section 9.4.4.1.

(ix) Transmission upgrades identified through the analyses conducted according to this Protocol and satisfying the applicable Protocol and regional planning requirements will be included in the Coordinated System Plan after the conclusion of the Coordinated System Plan study and applicable regional analyses. After the conclusion of the Coordinated System Plan study, any project included in the Coordinated System Plan and designated for interregional cost allocation, if not already engaged in the regional review process, will be submitted to the regional processes for review according to Section 9.3.7.2(b)(x).

(x) At the completion of the Coordinated System Plan study, the JRPC shall produce a report documenting the Coordinated System Plan study, including the transmission issues evaluated, studies performed, solutions considered, and, if applicable, recommended Interregional Projects with the associated cost allocation to the Parties pursuant to Section 9.4.4.1. In addition, explanations why proposed Interregional Projects did not move forward in the process will be provided in the final Coordinated System Plan study report. The JRPC shall provide the Coordinated System Plan study report to the IPSAC for review. The IPSAC shall be provided the opportunity to provide input to the JRPC on the Coordinated System Plan study report. The final Coordinated System Plan study report shall be posted on each Party's website.

(xi) The JRPC's recommended Interregional Projects identified in the Coordinated System Plan study shall be reviewed by each Party through its respective regional processes. Transmission plans to resolve problems will be identified, included in the respective plans of the Parties and will be presented to the respective Parties' Boards for approval and implementation using each Party's procedures for approval. Critical upgrades for which the need to begin development is urgent will be reviewed by each Party in accordance with their procedures and presented to the Parties' Boards for approval as soon as possible after identification through the coordinated planning process. Other projects identified will be reviewed by each Party in accordance with their procedures and presented to the Parties' Boards for approval in the normal regional planning process cycle as long as this cycle does not delay the implementation of a necessary upgrade. The JRPC shall inform the IPSAC of the outcome of each Party's review of the recommended Interregional Projects.