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November 7, 2011

Terry Boston
President and Chief Executive Officer
PJM Interconnection LLC
Valley Forge Corporate Center
955 Jefferson Avenue
Norristown, PA 19403

Dear Mr. Boston,

I am aware that PJM is currently engaged in efforts to revise its transmission planning procedures and, in that context, I want to encourage PJM to move forward without delay with the proposed planning process that allows states to achieve their particular renewable energy objectives. PJM's proposed "State Agreement Approach" appears to be a useful mechanism for states to submit transmission projects for inclusion in PJM's Regional Transmission Expansion Plan (RTEP) which may be necessary to meet state public policy initiatives. We need flexible tools like that to efficiently develop our clean energy resources.

In Delaware, we are in the on-going process of determining how our state will meet its renewable energy goals, and the related transmission solutions that may also be needed. This process requires that we understand the market for and cost of renewable energy alternatives, potential transmission scenarios, and understand how the costs of transmission facilities would be allocated. At the same time, we are also keenly aware of existing renewable energy projects in the state and their project timelines. We need a process that can give us the information we need to make decisions, and in a timeframe that is compatible with our projects.

The "State Agreement Approach," as recently outlined by PJM, is compatible with our needs. The following elements of the approach are particularly useful to Delaware:

- 1) Allows a state to use the approach on a voluntary basis, with or without additional states, to submit a project which will help the state to meet its public policy needs, including the need to meet renewable portfolio standards;
- 2) Places in motion a process whereby PJM conducts studies and analyses regarding the project proposed by the state, and determines whether the project also meets other transmission needs, and in so doing, whether some portion of the project costs may be allocated to additional parties that receive project benefits;

- 3) Allows the state that proposed the project to make a final decision regarding whether or not to proceed to construction, after reviewing the results of the PJM studies, the final cost allocation method, and other factors; and
- 4) Affords the states that propose projects to meet their public policy needs "Safe Harbor" protection from paying for the cost of other transmission projects, to the extent they are driven by the need to meet other states' public policy needs.

I urge PJM to move quickly to adopt the State Agreement Approach with these elements. I understand that although PJM has until October of 2012 to comply with FERC Order No. 1000, PJM is considering a partial compliance filing early in 2012. I support your including the State Agreement Approach in your proposed tariff as part of the partial compliance filing so that this flexible planning mechanism will be available to use without delay.

I commend you for your creativity in designing an approach that is sensitive to Delaware's needs. The right transmission solutions are important to accommodating our public policy requirements, and PJM has shown a willingness to work with us on a plan that works for Delaware.

Sincerely,



Jack A. Markell