

ROFR Issues

RPPTF
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- Order No. 1000 Requirements
- Applicable Upgrades
- Proposal Process
- Builder/Owner Qualifications
- Identification of Construction Responsibility

- **Right of First Refusal**

- Tariff provisions that grant incumbent transmission owners a federal right of first refusal to construct transmission facilities selected in a regional transmission plan for purposes of cost allocation must be deleted from the tariff (P 253), with the following exceptions:
 - An incumbent transmission owner may continue to build new transmission facilities that are located solely within its retail service territory or footprint (PP 258, 262, 318); and
 - An incumbent transmission owner may also retain a federal right of first refusal for
 - upgrades to its existing transmission facilities; and
 - use and control of its existing rights-of-way (P 226).

- Choosing Among Solutions: For one solution to be chosen over another in the planning process there must be an evaluation of the relative *economics* and *effectiveness of performance* for each alternative.
- Alternative Solutions: For RTEP projects assigned to a non-incumbent developer, Order No. 1000 requires that the transmission provider amend its OATT to describe the circumstances and procedures under which the transmission provider will reevaluate the regional plan to determine if delays in the development of an RTEP facility requires evaluation of alternative solutions, including any proposed by the incumbent transmission owner to ensure that the incumbent transmission owner can meet its reliability needs or service obligations under its State tariff.

- **IV. Non-incumbent Transmission Developers**
- Transmission providers must establish non-discriminatory criteria to determine whether a non-incumbent transmission developer is eligible to propose a transmission project for selection in the RTEP for purposes of cost allocation. Such criteria, which is to be memorialized in the tariff:
 - Could include consideration of whether an entity proposing to build a transmission project has the necessary financial resources and technical expertise with which to develop, own, operate and maintain transmission facilities (P 323); and
 - Shall have flexibility to formulate qualification criteria that best fits its planning processes and addresses the region’s particular needs (P 324). “No one-size-fits-all.”
 - Shall identify in sufficient detail the information that must be submitted to allow a proposed transmission project to be evaluated in the RTEP on a basis comparable to other transmission projects proposed in the RTEP, *e.g.*, relevant engineering studies and cost analyses, as well as other reports or information from the transmission developer that are needed to facilitate evaluation of the transmission project in the RTEP (P 326).
 - Date for submission of information. Each region may determine an appropriate deadline for submission of information in a particular transmission planning cycle (P 325).

- **Reserved for incumbent Transmission Owner**
 - Upgrades to existing facilities
 - Facilities in existing transmission owner ROW
 - Facilities that are not included in a TP's regional transmission plan for purposes of cost allocation
 - Supplemental upgrades
 - Upgrades allocated to only one zone ??
- **Assignable to others**
 - New facilities
 - Allocable to multiple zones ??
- **Reliability vs. Market Efficiency vs. Public Policy**
 - Not necessarily a hard criteria, but may lead to considerations regarding risk of completion

- **Four-month window**
 - Opens November 1 of first year of 24-month cycle
 - Closes last day of February of second year of 24-month cycle
 - No significance will be associated with the order of receipt of proposals
 - No materials will be shared with stakeholders until after close of 4-month window
 - PJM will confirm receipt of proposals

- **Four-month window**
 - PJM will communicate with proposers to resolve proposal deficiencies, i.e. missing or incomplete data or required information
 - PJM will not work with proposers to refine or alter proposals until after close of 4-month window
 - All proposals and proposers will be identified after close of 4-month window
 - Template for proposal identification and information to be included TBD

- Can have two standards for proposals
 - Proposals for consideration, but not attribution
 - Proposals with some entitlement to assignment to build
- Informational requirements would be different depending of intent of proposer (consideration versus entitlement to build)
- Transparency
 - Define required level of information for posting with respect to project proposals

- **Proposals for consideration**
 - Proposer has no intention to build the proposed upgrade
 - Level of detail can vary, but should include from and to buses, voltage level and other basic information (TBD)
 - PJM will work with transmission owner to fill in necessary project details and review with stakeholders to refine, as appropriate

- **Proposals with entitlement**
 - Proposal must be substantially more detailed, including
 - From and to buses
 - Voltage level
 - Circuit configuration (single circuit, double circuit)
 - Impedances
 - Approximate circuit mileage
 - Estimated project cost
 - Estimated time to construct
 - Identification of applicable state jurisdiction and CPCN requirements
 - Other information (TBD)

- **Proposals with entitlement**
 - Proposal must include some amount of analysis (TBD)
 - Single contingency performance with respect to relevant criteria violations, congestion events, or energy transfers
 - Other analysis (TBD)
 - Depth of supporting analysis could be used as a determining factor in assignment to build when comparing similar proposals

- **Screening of alternatives**
 - Some level of analysis (TBD) will be required to screen proposals
 - Proposals that pass screening will be included in more detailed RTEP analysis
 - Proposals that pass screening will be evaluated by a consultant for cost and buildability issues
 - Use one consultant for all projects in a given area
 - Analysis and optimization of alternatives will continue in parallel with consultant review
 - Final consultant review will be conducted, if required, of a limited number of most effective projects

- Proposers would submit documentation of qualifications to construct, maintain, and operate facility
- Timing of submission of documentation
 - With proposal or at some later point
- Transparency
 - Post some or all of documentation

- Financial resources
 - Proof of ability to finance the project ??
 - Proof of financial viability with respect to on-going ownership responsibilities ??
- Technical expertise to develop, own, operate and maintain
 - Identify internal organizational expertise ??
 - Identify intentions with respect to construction management ??
 - Identify intentions with respect to operations responsibilities ??
 - Identify intentions with respect to maintenance ??
- State regulatory issues
 - State requirements related to transmission ownership ??

- Unlikely that there can be a “bright line” assignment process
- Selection of project
 - Electrical performance
 - Cost comparison
 - Analysis of project risks
- Need principles to guide assignment decision
 - Approved upgrade is identical to one proposal
 - Approved upgrade is not related to any proposal to any significant degree
 - Approved upgrade is similar in varying degrees to multiple proposals
- Need for transparency