



Order 1000 Compliance Strawman

RPPTF
April 20, 2012

- ROFR Right Reserved for incumbent Transmission Owners per Order 1000
 - Upgrades to existing facilities
 - Facilities in existing transmission owner ROW
 - Facilities within a zone whose costs are assigned to that single zone
 - Facilities that are not included in a TP's regional transmission plan for purposes of cost allocation

Points of Discussion/ “Rough Consensus”

- A pre-qualification process is appropriate
- Timing and extent of pre-qualification depends on whether PJM role is centered on Option One (PJM plans projects and assigns construction for eligible projects) or Option Two (PJM chooses among projects submitted)
- Any pre-qualification process should be flexible to allow for entities seeking to build smaller projects (e.g. SVCs)
- Any process needs to ensure timely updating

Content of Tariff:

- Tariff should list criteria on which PJM should judge submitted proposals
- Tariff should provide criteria, but not “bright lines”
- PJM discretion needed, but rationale documented

Option 1 / 2 Strawman Proposals

- Option 1
 - PJM identifies needs through planning process
 - PJM identifies most effective solution
 - Pre-qualified entities offer to build project
 - PJM selects builder based on defined process

- Option 2
 - PJM identifies needs through planning process
 - Pre-qualified entities submit proposals
 - PJM identifies most effective solution among proposals
 - PJM assigns project to proposer

- PJM planning process must look to identify optimal solutions
 - “Pure” Option 2 is out – PJM cannot be limited to simply choose among proposals with no authority to craft solutions if submitted proposals do not best meet identified needs
- PJM has core ability to identify better/best transmission project, but not better/best transmission builder/owner
 - “Pure” Option 1 is out – Incentives should exist to encourage submission of fully developed proposals

- Allow sufficient time for analysis of needs before proposal submission
- Manage proposal submission process workload
- Allow time for refinement of solution after review of proposals
- Provide advance signals to market to promote consideration of non-transmission solutions
- Process cannot be allowed to impact timeliness of reliability solutions

- Based on evaluation of proposals
 - Scenario One: Optimal solution matches one proposal
 - Scenario Two: Optimal solution is similar to elements of multiple proposals
 - Scenario Three: Optimal solution is fundamentally different from all proposals

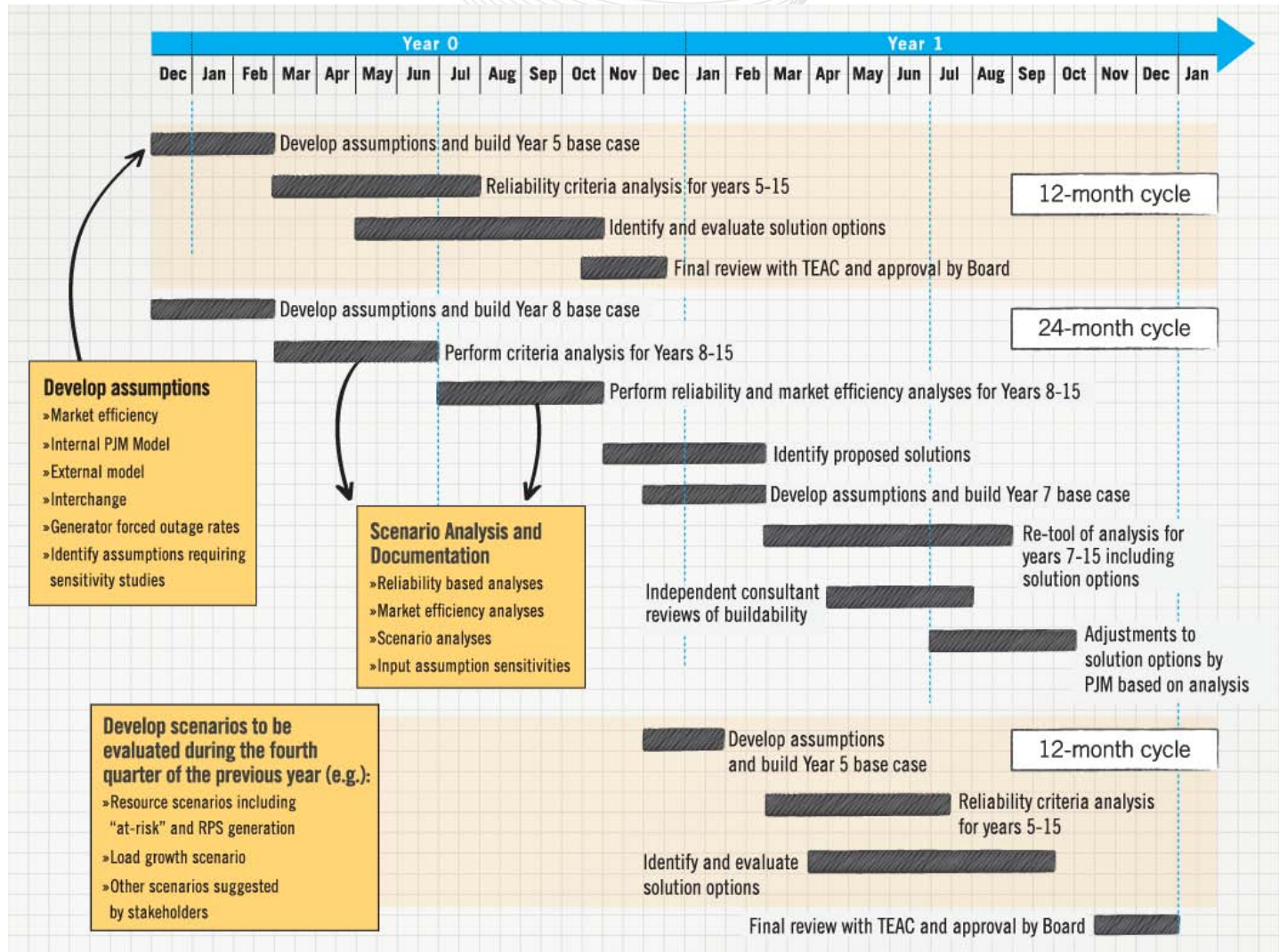
- Scenario One: If optimal solution matches one proposal, designate project sponsor to build project
 - Assumes solution not reserved to incumbent
 - Assumes project sponsor meets qualifications (legal, financial, and technical ability to build, operate, maintain)

- Scenario Two: If optimal solution is similar to elements of multiple proposals
 - Planning cycle must accommodate time to resolve proposals down to one optimal solution and identify builder
 - Assign elements of optimal solution to incumbent transmission owner where there is no match to a proposal
 - Assign elements of optimal solution to sponsor where they match up

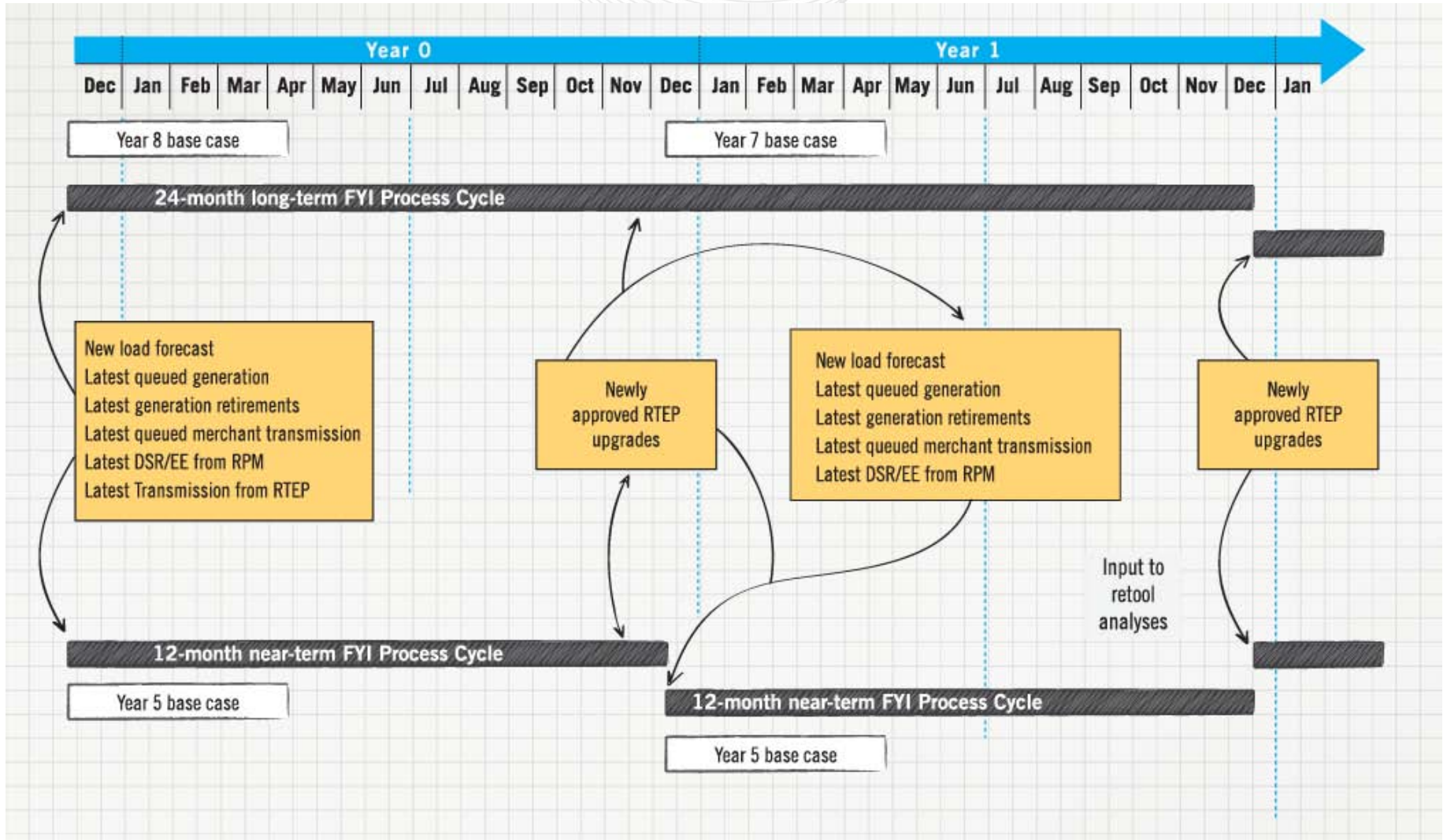
- Scenario Three: If optimal solution is fundamentally different from all proposals
 - Expected that this will rarely be the case
 - Planning cycle must accommodate time to evaluate proposals and identify optimal solution
 - Assign optimal solution to incumbent transmission owner

- What changes need to be made to planning cycle?
 - Does 24-month cycle allow for sufficient time to evaluate proposals and refine solutions?
 - Can 12-month cycle accommodate a proposal window and still resolve issues in a timely manner?
 - How does either cycle accommodate time for collaboration among stakeholders if a more optimal solution is desired?

24 Month and 12 Month Planning Cycles



24 Month and 12 Month Planning Cycles



- Process
 - 4 month proposal window follows 8 months of analysis of all needs
 - 8 months following submission of proposals for analysis and adjustments to solution options
 - Includes update of needs analysis based on new assumptions (load forecast, generation, etc.)
 - No specific window for parties to combine/collaborate on more optimal projects, but could be accommodated

- Process

- 5 month window designated for analysis of reliability needs
- Overlapping window extends another 3 months for evaluation of solution options
- In reality, reliability analysis has carried through bulk of year and overlapped market efficiency analysis
 - This is partly due to higher voltage reactive analysis and retools of backbone projects
 - Also due to complications with n-1-1 analyses requiring solutions to earlier criteria violations

- Solutions approved at end of 24-month cycle would need to be in service in 6 ½ years
 - or longer based on identified need date
- Producing more detailed results for year 10 would allow for greater consideration of non-transmission solutions
- 24-month cycle may require some modifications to accommodate iteration among solution options

- Solutions approved at end of 12-month cycle would need to be in service in 4 ½ years
 - or less, 3 ½ years for Year 4 projects, 2 ½ years for Year 3 projects
- 12-month cycle will require significant modification to accommodate a proposal window and iteration among solution options

- Apply to 24-month cycle with any necessary changes to cycle
- Defer implementation with respect to 12-month cycle until sufficient experience is gained with 24-month cycle
 - Assign projects developed in 12-month cycle to incumbent transmission owner
- Identify process changes required to ensure that appropriate, regional-scope projects are addressed in 24-month cycle

RTEP Proposals

- What needs to be included in an RTEP proposal?
 - Fundamentally the proposals need to include the information that PJM will use to evaluate the project.
 - Proposals should include information about the project sponsor, including support for legal, technical, and financial ability to build
 - Proposals need to include technical information that will be used to evaluate the proposed project

- What sponsoring entity information should be included in a proposal?
 - Company Overview
 - Proposal submittal date
 - Contact information for the project sponsor
 - Identify the proposed entity to build the project
 - Legal, technical, and financial ability to build

- What technical information should be included in a proposal?
 - Project Description – this narrative would describe the project as well as the reliability criteria, market efficiency or public policy issue that it addresses
 - Proposal description including scope, interconnection points, nature of the alternative (i.e. AC/DC, overhead, underground etc.)
 - Initial route with discussion of plan for acquiring any needed ROW
 - Overall high level project schedule with timing of significant milestones such as CPCN application, construction start, project in-service
 - Overall project cost estimate

- What technical information should be included in a proposal?
 - Technical report including assumptions and calculations demonstrating the efficacy of the project
 - Origin of the power flow case and any modifications of it
 - Market efficiency assumptions
 - Station single line drawings showing the proposed project
 - Include results of any sensitivity studies

- What technical information should be included in a proposal?
 - Technical report including assumptions and calculations demonstrating the efficacy of the project
 - Modeling information
 - Conductor type and distance
 - Calculated line impedance
 - Assumed transformer impedances if applicable
 - Contingency files to be used with PJM cases
 - *.idev files to modify PJM cases
 - Dynamics files if applicable