

DEFINITION:

1.19a. “Long-lead Project” shall mean an enhancement or expansion with an in-service date more than five years from the year in which the Office of the Interconnection identified the need for such enhancement or expansion.

1.5.8 Development of Long-Lead Projects

(a) The Office of the Interconnection shall determine which Long-lead Projects will be included in the recommended plan and the entities that will be designated to construct, own, and unless otherwise provided, finance such projects in accordance with this Section 1.5.8.

(b) Upon completion of the enhancement and expansion analysis process, as described in this Schedule 6 and the PJM Manuals, the Office of the Interconnection shall post on the PJM website the violations, system conditions, economic constraints, or Public Policy Requirements to be addressed by potential Long-lead Projects.

(c) The Office of the Interconnection shall provide notice to stakeholders of a 120-day window in which the Office of the Interconnection will accept proposals for potential Long-lead Projects to address the posted violations, system conditions, economic constraints, or Public Policy Requirements [in accordance with the State Agreement Approach]. Proposals for Long-lead Projects must contain at a minimum the following information: (i) name and address of the sponsor; (ii) sponsor’s technical and engineering qualifications and demonstrated experience to construct, maintain, and operate transmission facilities, including a list of transmission facilities the sponsor previously constructed and maintained; (iii) location of proposed Long-lead Project, including source and sink; (iv) relevant engineering studies as described in the PJM Manuals; (v) cost estimates and analyses as described in the PJM Manuals; (vi) an indication of the sponsor’s capability to finance the project, including information on similar projects the sponsor may have financed; and (vii) any additional reports or information the Office of the Interconnection determines are reasonably necessary to evaluate the Long-lead Project proposal pursuant to the criteria set forth in Subsection 1.5.8(e-) or the sponsor’s qualifications pursuant to the criteria set forth in Subsection 1.5.8(f). If the Office of the Interconnection determines any of the information provided in a proposal is deficient or requests additional reports or information, sponsor shall provide the necessary information within [10] business days, or other time period as determined by the Office of the Interconnection, of receipt of notification of deficiency and/or request for additional reports or information. *[More detail regarding sponsor qualification requirements is being developed for discussion]*

(d) Following the close of the 120-day proposal window described in Section (c) above, and further study and evaluation, the Office of the Interconnection shall determine which, if any, of the Long-lead Project proposals received during the proposal window should be included in the recommended plan. In making this determination, the Office of the Interconnection shall consider the criteria set forth in Subsection 1.5.8(e). The Office

of the Interconnection shall present to the Transmission Expansion Advisory Committee for review and comment a description of the proposed Long-lead Project recommended for inclusion in the plan.

(e) The Office of the Interconnection shall consider the following criteria in determining whether a Long-lead Project proposal should be included in the recommended plan: (i) the extent to which the Long-lead Project proposal would address and solve the posted violation, system condition, economic constraint [or Public Policy Requirement in accordance with the State Agreement Approach]; (ii) with regard to economic-based Long-lead Project proposals, whether the relative benefits of the proposed project meets a Benefit/Cost Ratio Threshold of at least 1.25:1 as calculated pursuant to Section 1.5.7(d) of this Schedule 6; and (iii) the extent to which the Long-lead Project proposal would have secondary benefits, such as addressing additional other system reliability, operational performance, or economic efficiency issues [or Public Policy Requirements in accordance with the State Agreement Approach].

(f) The Office of the Interconnection shall determine whether the sponsor that submitted a Long-lead Project proposal recommended for inclusion in the plan is qualified to be the entity designated to construct, own and, unless otherwise provided, finance all or part of its proposed project. In making such determination, the Office of the Interconnection shall consider the following criteria: (i) sponsor's ~~qualification is qualified~~ to engage in a state transmission siting process under relevant state law; (ii) sponsor's ~~compliance complies~~ with Attachment Q of the Tariff; (ii) sponsor's relevant technical and engineering experience; (iii) sponsor's demonstrated previous record regarding construction and maintenance of transmission facilities both inside and outside of the PJM Region; (iv) sponsor's capability to adhere to standardized construction, maintenance and operating practices; (v) sponsor's ability to assume liability for major losses resulting from failure of facilities; (vi) sponsor's capability to finance the project; (vii) sponsor's capability for cost containment and schedule-keeping and other advantages the sponsor may have to build the proposed Long-lead Project, ~~including any binding agreement by the sponsor to accept a cost cap~~; and (viii) sponsor's experience in acquiring rights of way. Long-lead Project proposals that are recommended for inclusion in the plan shall be designated to the sSponsor as the entity to construct, own and, unless otherwise provided, finance all or part of the proposed project to the extent the Office of the Interconnection determines the sSponsor is qualified pursuant to the criteria in this Subsection 1.5.8(f). In the event that the Office of the Interconnection determines that a sponsor of a Long-lead Project proposal included in the recommended plan is not qualified to construct, own, or finance all or part of the proposed project, the Transmission Owner(s) in whose Zone(s) the Long-lead Project is located shall be designated to construct, own and, unless otherwise provided, finance all or part of the proposed Long-lead Project for which the sponsor is determined not to be qualified, subject to Section 1.7(d) of this Schedule 6. [the idea of separating the financing as an apparently separate item warrants additional discussion]

(g) If the Office of the Interconnection determines that: (i) none of Long-lead Project proposals received during the 120-day proposal window would resolve the posted violation, system condition, or economic constraint without significant modification; or

(ii) no one Long-lead Project proposal is superior to any other, none of the Long-lead Project proposals shall be included in the recommended plan; rather, the Office of the Interconnection shall propose an alternative Long-lead Project for inclusion in the recommended plan and will present such alternative Long-lead Project to the Transmission Expansion Advisory Committee for review and comment. The Transmission Owner(s) in whose Zone(s) the alternative Long-lead Project is to be located shall be designated as the entity(ies) to construct, own and, unless otherwise provided, finance the alternative Long-lead Project [~~“Designated Entity”~~].

(h) The PJM Board shall approve the inclusion of the Long-lead Projects and ~~Designated Entity(ies) designation of sponsors~~ in the final Regional Transmission Expansion Plan, pursuant to Section 1.6 of this Schedule 6.

(i) A ~~sponsor~~ ~~Designated Entity to be the entity to construct, own and, unless otherwise provided, finance all or part of a proposed Long-lead Project~~ shall notify the Office of the Interconnection of its acceptance of the designation within 10 Business Days of its receipt of such designation. In the event the ~~sponsor~~ ~~Designated Entity~~ (i) fails to accept the designation pursuant to this subsection 1.5.8(i); or (ii) fails to timely commence or complete construction of; a Long-lead Project pursuant to the specifications in the Regional Transmission Expansion Plan, the Transmission Owner(s) in whose Zone(s) the Long-lead Project is located shall be designated to construct or complete construction of, own and, unless otherwise provided, finance the proposed Long-lead Project.

(j) Notwithstanding anything to the contrary in this Section 1.5.8, the Transmission Owner(s) in whose Zone(s) a proposed Long-lead Project is to be located will be ~~the Designated as the Entity to construct, own and, unless otherwise provided, finance the recommended Long-lead Project~~, when the Long-lead Project is: (i) an upgrade to a Transmission Owner’s own transmission facilities, (ii) located on a Transmission Owner’s existing right of way; or (iii) located solely within a Transmission Owner’s retail distribution service territory or footprint and is not selected in the Regional Transmission Expansion Plan for purposes of cost allocation. Transmission Owners shall be the entities designated to construct, own and, unless otherwise provided, finance all other enhancements or expansions recommended for inclusion in the Regional Transmission Expansion Plan to be located in their Zones that are not Long-lead Projects, subject to Section 1.7(d) of this Schedule 6.

1.6 Approval of the Final Regional Transmission Expansion Plan.

(a) The PJM Board shall approve the final Regional Transmission Expansion Plan, including any alternatives therein, any additions of economic transmission enhancements or expansions pursuant to Sections 1.5.6(d) and 1.5.7 above and Long-lead Project proposals pursuant to Section 1.5.8 in accordance with the requirements of this Section 1.6. The PJM Board shall not approve the Supplemental Projects listed in the Regional Transmission Expansion Plan. PJM Board approval of the Regional Transmission

Expansion Plan shall not represent PJM Board review or approval of the Supplemental Projects, and Supplemental Projects are not eligible for cost allocation pursuant to Schedule 12 of the PJM Tariff.

The Office of the Interconnection shall publish the current, approved Regional Transmission Expansion Plan on the PJM Internet site. Within 30 days after each occasion when the PJM Board approves a Regional Transmission Expansion Plan, or an addition to such a plan, that designates one or more Transmission Owners to construct an economic expansion or enhancement developed pursuant to Sections 1.5.6(d) and 1.5.7 above, the Office of the Interconnection shall file with FERC a report identifying the economic expansion or enhancement, its estimated cost, the entity or entities that will be responsible for constructing and owning or financing the project, and the market participants designated under Section 1.5.6(g) above to bear responsibility for the costs of the project.

(b) If a Regional Transmission Expansion Plan is not approved, or if the transmission service requested by any entity is not included in an approved Regional Transmission Expansion Plan, nothing herein shall limit in any way the right of any entity to seek relief pursuant to the provisions of Section 211 of the Federal Power Act.

(c) Following PJM Board approval, the final Regional Transmission Expansion Plan shall be submitted to the Applicable Reliability Council for verification that all enhancements or expansions conform with or exceed all reliability principles and standards of the Applicable Regional Reliability Council.