

1.5.9 State Agreement Approach

- a. ~~A State or states having legal authority under the law of such state or states to do so governmental entities authorized by their respective state~~ individually or jointly may propose or support a ~~public policy~~ transmission expansion or enhancement for inclusion in the recommended plan to address Public Policy Requirements identified by the state(s). Such transmission enhancement or expansion may be (i) a Supplemental Project or (ii) a transmission enhancement or expansion projects, the costs of which will be recovered pursuant to a FERC-accepted cost allocation methodology (public policy project). Proposing or supporting ~~a public policy project or (i) Supplemental Project or (ii) public policy project~~ for inclusion in the recommended plan is completely voluntary.
- b. The total costs of a public policy project, including a public policy project component of a Multi-need Project determined pursuant to Section 1.5.10 shall be the responsibility of the state(s) proposing or supporting such project. All costs related to such public policy project shall be recovered from customers as identified by the state(s) proposing or supporting the public policy project. A public policy project shall be included in the Regional Transmission Expansion Plan for purposes of cost allocation only following FERC acceptance of a rate for such public policy project as proposed by the state(s). No costs related to a public policy project included in the Regional Transmission Expansion Plan for purposes of cost allocation may be recovered from customers in states that did not propose or support the public policy project.
- c. Except as provided in Section 1.5.8(j) and subject to any designation reserved for Transmission Owners, ~~T~~the state(s) authorized to propose or support a public policy project may designate the entity(ies) to construct, own, operate and maintain the project from a PJM-supplied list of entities that pre-qualified pursuant to section 1.5.8(c) of this Schedule 6.

1.6(a) Based on the studies and analyses performed by the Office of the Interconnection under this Schedule 6, the PJM Board shall approve the Regional Transmission Expansion Plan in accordance with the requirements of this section 1.6. The PJM Board shall approve the inclusion in the Regional Transmission Expansion for cost allocation purposes reliability-based and economic-based transmission enhancements and expansions and public policy projects that have received a FERC-accepted cost allocation methodology. Supplemental Projects shall not be included in the Regional Transmission Plan for cost allocation purposes. PJM Board review of Supplemental Projects recommended for inclusion in the Regional Transmission Expansion Plan shall consider whether such projects could adversely impact the reliability of the system.