

RPPTF Work Paper - Summary Tasks for Order No.1000

Note: Compliance filings are due within 120 days from the date of the commission's Order, Saturday July 20 or Monday, July 22, 2013.

	Compliance Requirements:	Status, Actions and Concept Points	PHI Comments
1	Establish a date certain indicating the start of the next full 12-month and 24-month planning cycle at which time PJM's proposed tariff revisions will become effective; or	January 1, 2014 for both 12 and 24 month cycles	
2	Provide an alternative proposed effective date to coincide with a full 12-month and 24-month planning cycle and explain why the alternative effective date is appropriate; and	N/A - no alternative proposed effective date	
3	Provide further information regarding PJM's transition to the revised regional planning process including an explanation of how PJM will evaluate transmission projects currently under consideration.	Explain process to conduct of limited number of proposal cycles in 2013 and pilot the pre-qualification process. Implement necessary information technology transparency and communication tools - "Virtual TEAC"	Since this is a major change to the means of undertaking transmission expansion in PJM and how individual companies will deal with that process, PJM should share language with stakeholders prior to submitting compliance filing.
	Effective Date for Cost Allocation Proposal: Commission conditionally accepts the proposed cost allocation method effective February 1, 2013 subject to the compliance requirements.	Effective Date Confirmed - February 1, 2013	
	Order No. 890 Principles:		
4	Regarding the comparability principle, PJM proposes to remove sections 1.5.6(m), (n), (o) and (p) of Schedule 6 that the Commission relied on to conclude that PJM complied with Order No. 890 comparability principles. PJM is directed to explain how it will comply with the comparability principle.	Explain how the proposed new sections in PJM's Compliance Filing provide for the deletion of this language	
5	Regarding the enrollment process (P55), PJM indicated that to participate in the planning process, an entity must become a member of PJM. This must be a misstatement. An entity does not have to become a member or associate member of PJM in order to participate in the RTEP process.	Remove confusing or offensive language. Revise and clarify intent. Stakeholders participating in proposal process shall demonstrate willingness/preparedness to become a PJM Member and execute the TOA upon selection as a Designated Entity	PHI concurs that PJM should clearly articulate the requirement for designated entities to become a PJM member and execute the TOA upon selection. In addition, the willingness to become a PJM member and accept the responsibilities of such membership upon submission of a project is needed for proper evaluation of alternatives. There is still a need for specific criteria on how a project is evaluated and the capability of a sponsor to become a member.
	Regional Process		
	Consideration of Public Policy Requirement: PJM's compliance filing partially complies with transmission needs driven by public policy requirements (P 109) for the following reasons.		
6	Definition of Public Policy Requirements: Revise definition to include "duly enacted laws or regulations passed by a local governmental entity, such as a municipal or county government (P 113)."	Under review. PJM is formulating comprehensive proposal for Nos. 6,7,8.	
7	Describe a process through which PJM will determine which public policy requirements identified by stakeholders at the assumptions stage will be incorporated into its studies and thus which public policy requirements may result in transmission needs for which transmission solutions will be evaluated (P 115).	Under review. PJM is formulating comprehensive proposal for Nos. 6,7,8.	PJM needs to define specific upfront criteria on how to determine which public policy requirement to include or exclude. This language could imply large numbers of entities – arguably every governmental subdivision in PJM plus some - submitting a wide range of goals, from aspirational to very concrete. PJM must develop a process to gather, sort and qualify such requests, or designate certain entities to do so (such as OPSI).
8	Revise tariff to (i) post on its website an explanation of those public policy requirements that PJM adopted at the assumptions stage; (ii) an explanation of why other public policy requirements introduced by stakeholders were not adopted; and (iii) clarify when in the RTEP process PJM will make such postings (P 116).	Under review. PJM is formulating comprehensive proposal for Nos. 6,7,8.	

9	Explain how the local transmission planning process complies with the requirements of Order No. 1000 addressing transmission needs driven by public policy requirements (P 123).	PJM has a single, regional planning process. There is no local planning process. PJM to clarify.	FERC is going beyond the regional planning process and drilling down into local TO planning for projects which are not included in the regional plan for cost allocation. States have typically seen these supplemental projects as within the province of the states and not of PJM. That is one of the reasons why the PJM Board doesn't approve such projects. So FERC is wading into new territory that may embroil the transmission planning process in litigation and jurisdictional disputes, with the TO – and its plans for transmission expansion - caught in the middle. Further, requiring that municipal and county environmental and public policy mandates be included in transmission planning may be "a bridge too far", particularly in PJM, where there are 13 States and Washington DC, each with a multitude of counties and municipalities with conflicting environmental and public policy mandates.
	State Agreement Approach. While not needed for compliance, it is related to other revisions and with modification is just and reasonable (P 142).		
10	Revise tariff to indicate the entity that determines whether a Supplemental Project will be included in the RTEP (P 145).	Under development. Will clarify distinction of TO Supplemental versus State Agreement Supplemental. Will clarify role of PJM Board in RTEP approval.	PJM needs to clarify "included in the RTEP" and define that phrase to mean projects included in the RTEP baseline and approved by the PJM Board. Other meanings may give rise to unintended consequences so far as cost recovery and allocation.
11	Explain how proposed transmission projects addressing transmission needs driven by public policy requirements identified in the local transmission planning process could be included in the RTEP, although not necessarily for cost allocation	PJM has a single, regional planning process. There is no local planning process. PJM to clarify.	FERC is drilling down too far when referencing whether the "local" transmission planning process complies with Order 1000. PJM's compliance filing should articulate the need to focus on the "regional" plan to ensure the most appropriate projects for reliability are arrived at with the necessary lead time. Going beyond the already defined regional scope of PJM will result in less efficiency and less investment in needed transmission. In addition, what the "local planning process" entails should be defined by PJM, since PHI does not know if one even exists inside PJM.
	Right of First Refusal (ROFR): Commission found that PJM is not in compliance with Order No. 1000's requirement to eliminate any federal ROFR (P 221).		
	Remove or revise any provision that could be read as supplying a federal ROFR for any type of transmission project that is selected in the RTEP for purpose of cost allocation (P 221).	Research and identify potentially offending provisions	
12	Such clarification must include revision to any provisions that purport to preclude section 205 filing rights of nonincumbent developers without their consent (P 222).	Pending clarification based upon PJM filing for rehearing	
13	Revise tariff provisions that lock nonincumbent developer into market based rates before they enter the RTEP process (P 224).	Research and respond - Do not believe any described provisions exist	
	Exception to ROFR: Commission conditionally accepts PJM's proposed revisions labeled "solution-based" exceptions, subject to further compliance (PP 225 and 226).		
	Term "upgrade" as it is used in section 1.5.8 is unclear (P 227).	Clarify. Start with MISO definition and FERC comments to develop term.	

	While PJM can reference to state or local laws or regulations regarding limiting a nonincumbent's right to construct transmission facilities, including ability to site or permit transmission facilities, PJM's proposal to add a ROFR by referencing catch all "state or local laws or regulations" does not comply with Order No. 1000 because it automatically excludes nonincumbent proposals (PP 230 and 232).		
14	Clarify and define the term "upgrade" and make any necessary conforming revisions to Schedule 6, the tariff and agreements (PP 227 and 234).	Clarify. Start with MISO definition and FERC comments to develop term.	PHI worked with PJM and the industry to secure 3 key exceptions to Order 1000 from FERC. Those exceptions allowed a TO to retain ROFR for projects within its existing right of way, for upgrades to existing facilities and for local projects. It is important that these exceptions be maintained. Narrowly defining or imposing restrictions on these exceptions will be a step backwards.
15	Revise Schedule 6 to remove the proposed language related to ROW (PP 231 and 234).	Modify - ROW may be a factor but not an exclusion.	See above
16	Revise Schedule 6 to remove the proposed language related to designating an incumbent transmission owner as the Designated Entity when required by state law or regulation or administrative agency order (PP 231 and 234).	Research this.	The Commission had indicated that its ROFR elimination requirement was limited to federal ROFR. However, in the compliance order, it rejected PJM's proposal to acknowledge and designate projects pursuant to State ROFRs. Some of PHI's states have a State ROFR and guard their transmission siting processes very jealously. Any failure to respect state ROFR rules could tie up the PJM planning process in litigation and hold up needed transmission projects.
	<i>Time-Based Transmission Project Proposal Process: Commission conditionally accepts PJM's "time-based" transmission project proposal process (P 235).</i>		
	<i>Limited circumstances in which it may not be feasible to hold a competitive solicitation process (P 247). Commission found it just and reasonable to include a class of projects needed to resolve time sensitive reliability criteria violations that are exempt from competitive solicitation. This exception should only be used in certain limited circumstances under the following five criteria:</i>		
17	Clarify as to what category in the project proposal process a market efficiency project can be proposed and evaluated as in PJM's proposed transmission project proposal process (P 237).	Clarify - Explain Market Efficiency is studied in 24 month cycle but in service dependent upon justification and construction schedule - all ME projects open for proposals	
18	List the criteria PJM will use to make the determination to shorten or lengthen the proposal for short-term and long-lead projects (P 239).	Under Development	Comments apply to 18 - 22:PHI supports the "time-need based" exceptions proposed by PJM to assure the availability of critical reliability projects. The compliance order seeks to circumscribe the application of this exception and set criteria to limit its use. Constraining the ability of PJM to address these urgent reliability projects could impact reliability and impede the timely development of needed transmission.
19	Provide an explanation of how PJM proposes to evaluate the criteria in order to enable stakeholders to understand how PJM determines to shorten or lengthen the default proposal window for short-term or long-lead projects (P 239).	Under Development	
20	Explain how PJM proposes to evaluate the enumerated criteria that it will consider in determining whether there is insufficient time for re-posting and re-evaluation and how such a determination requires that an incumbent is designated as the Designated Entity of Long-lead project (P 246).	Under Development	
21	Explain why definition for immediate-need reliability projects should include projects needed more than three years out and how PJM will implement these factors in making its decision (PP 252 and 255).	Under Development	
22	Demonstrate how the definition and procedures related to immediate-need reliability projects comply with criteria (2) through (5) above. If PJM cannot demonstrate that its current definition and procedures related to immediate-need reliability projects comply with these criteria, PJM should revise its tariff to comply with this criteria (PP 253 and 255).	Under Development	

	Qualification Criteria: Commission finds that PJM's proposal partially complies with Order No. 1000's directives regarding the criteria by which incumbent and nonincumbent transmission developer may qualify to propose a transmission project for selection in the RTEP for purposes of cost allocation (P 273).		
23	Clarify that the criteria proposed in sections 1.5.8(a) and (c) apply to both incumbent and nonincumbent developers (P 276).	Check on Criteria - fix	
24	Include phrase ". . . entity or its affiliate, partner, or parent company" throughout section 1.5.8(a).	Include	
25	Clarify the interaction between and timeline of (i) pre-qualification window; (ii) reevaluation of an entity's pre-qualification; and (iii) short-term and long-lead project proposal windows. Clarification must include, but is not limited to, which proposal window PJM is referring to when it states in its revisions that its determinations regarding whether an entity is qualified in both the first instance and PJM's reevaluation of its decision that an entity is not qualified must be made prior to the next proposal window (P 279).	Develop explanation and include	
26	Clarify that regardless whether a Designated Entity is an incumbent or nonincumbent, an entity that accepts its designation must submit to PJM within 60 days of becoming a Designated Entity: (i) letter of credit; (ii) executed agreement and (iii) construction and state approval milestones (P 280).	Discuss	
27	Submit any pro forma Designated Entity Agreement for review by Commission [do not believe this is required during the 120-day compliance period. Rather, PJM must submit any pro forma agreement for Commission review] (P 280).	Commit to File	
	Information Requirements: Commission conditionally accepts PJM's proposed "time-based" transmission project proposal process and finds that PJM's proposal is compliant with the information requirement of Order No. 1000 subject to further clarification (P 295).		
28	Clarify that PJM's intended use of dates by which all necessary state approvals must be obtained is part of its ongoing monitoring of progress of the estimated construction schedules (P 298). Evaluation Process for Transmission Proposals for Selection in RTEP (P 299).	Comply	
29	Propose a process and/or procedures whereby PJM will (i) determine whether any generally applicable information regarding the transmission project proposal process is discussed in a confidential meeting; and (ii) publicly provide that generally applicable information (P 311). This directive is not intended to require PJM to make public any confidential or commercially sensitive data or any CEII data (P 311).	Under Development. Develop explanation based upon implementation of necessary information technology transparency and communication tools - "Virtual TEAC"	
30	Provide additional detail in the tariff about the "other factors" that will be used in the evaluation process for economic based projects (P 312).	Develop explanation based on evaluating performance first and others factors subsequently - cannot be formulaic.	
31	Explain the circumstances, if any, under which a proposed transmission solution's cost effectiveness, would not be applicable in PJM's evaluation (P 313).	Applicable but only after evaluating performance	Meeting the reliability needs of the system is the most important criteria. PJM should not include cost as a project selection criterion. Cost - and willingness to structure price - as a criterion was heavily discussed previously and rejected. However, to ensure comparability, PJM should hire a 3rd party to evaluate proposals for cost comparison
	Re-evaluation of Need for Project in the event of delay. Commission finds that PJM's proposed reevaluation process for proposed transmission projects partially complies (P 318).		
32	Provide an explanation of the basis upon which PJM will retain or remove a selected transmission project or select an alternative solution (P 318).	Explain process used for evaluation of previously approved projects.	
	Providing for Cost Allocation for Projects Selected in the RTEP.		
33	Commission directs PJM and/or PJM Transmission Owners to explain how the various tariff and CTOA provisions work together to achieve the intended result of Schedule 12, i.e., to allow a Designated Entity to construct transmission project to begin recovering the costs of that transmission project (PP 327, - 332).	Under Development	
	Cost Allocation Methodologies: Commission conditionally accepts the PJM Transmission Owners' proposed cost allocation methods, subject to compliance requirements.		
34	PJM and PJM Transmission Owners are directed to revise the PJM Tariff to provide for identification of the consequences of a transmission facility selected in the RTEP for purposes of cost allocation (PP 422 and 426).	Under Development	

35	PJM and PJM Transmission Owners must address whether the PJM region has agreed to bear the costs associated with any required upgrades in another transmission planning region and, if so, how such costs will be allocated under PJM's regional cost allocation methods (PP 422 and 426).	Under Development. Coordinate with TO's filing	PHI supports cross-border coordination between PJM and its neighbors. We note however, that any cross-border project must be the outcome of a joint coordinated effort between the two regions and involving their stakeholders. We do not support one region developing a project without the participation of the other region and unilaterally billing the stakeholders of the other region, like MISO did with its Multi Value Project and PARS. PJM should work to treat all neighboring regions in a comparable manner. Unless there are specific differences negotiated with neighboring regions in Joint Operating Agreements, PJM's principles in dealing with its neighbors must be comparability and reciprocity.
36	Submit a compliance filing containing revised tariff provisions explaining how the Solution-Based DFAX method is used to calculate assignments of cost responsibility (P 428).	Under Development. Coordinate with TO's filing	
37	Establish criteria for qualification as a Regional Facility that consider a DC transmission facility and an AC facility in a comparable manner (P 440).	Under Development. Coordinate with TO's filing	