

From: Pati Esposito [mailto:pati_espo@hotmail.com]

Sent: Thursday, May 15, 2014 9:00 AM

To: Mark Sims

Cc: barretfs@pjm.com; foleyp@pjm.com; Eli Farrah - Winston; 'Mohamed El Gasseir'; Paul McCoy ; Markian Melnyk ; Jeffrey C. McManus

Subject: AGD Comments Re: Supplemental Projects v. SAA projects

Mark,

AWC Objects to the May 8th Presentation to the extent that it attempts to include a “Public Policy Project” within the definition of a “Supplemental Project” or otherwise attempts to equate the two (See, Slide 3). First, any such proposal conflicts with, and is contrary to, the express terms of the State Agreement Approach (“SAA”) tariff language in Section 1.5.9 of the PJM Operating Agreement that has been approved by FERC. The tariff already is very clear on what a SAA project is and the distinctions between SAA Projects and Supplemental Projects. AWC opposes any changes that would confuse the two. Section 1.5.9 State Agreement Approach provides that:

State governmental entities authorized by their respective states, individually or jointly, may agree voluntarily to be responsible for the allocation of all costs of a proposed transmission expansion or enhancement that addresses state Public Policy Requirements identified or accepted by the state(s) in the PJM Region. As determined by the authorized state governmental entities, such transmission enhancements or expansions may be included in the recommended plan, either as a (i) Supplemental Project or (ii) state public policy project, which is a transmission enhancement or expansion, the costs of which will be recovered pursuant to a FERC- accepted cost allocation proposed by agreement of one or more states and voluntarily agreed to by those state(s). All costs related to a state public policy project or Supplemental Project included in the Regional Transmission Expansion Plan to address state Public Policy Requirements pursuant to this Section shall be recovered from customers in a state(s) in the PJM Region that agrees to be responsible for the projects. No such costs shall be recovered from customers in a state that did not agree to be responsible for such cost allocation. A state public policy project will be included in the Regional Transmission Expansion Plan for cost allocation purposes only if there is an associated FERC-accepted allocation permitting recovery of the costs of the state public policy project consistent with this Section.

Second, state public policy projects are eligible to become part of a Multi-Driver Approach (“MDA”) projects. It is not clear that the same is true of Supplemental Projects. In any event, State Public Policy Projects are not Supplemental Projects even though there may be similarities. The May 8th Presentation should be corrected in this regard.

I will be away on vacation from 5/16 until 5/26; but if you have any questions please feel free to call Eli or Paul McCoy @ 202-282-5503 or 708-557-4220 respectively.

Thank you,

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