



Proposal Fee Discussion

RPPTF 09.19.14

- A \$30,000 non-refundable project proposal fee due when a greenfield project is submitted
 - The fee is required for all project proposals where:
 - The project is not a Transmission Owner Upgrade
 - The proposing entity is requesting Designated Entity status
 - The project is submitted during a project proposal window
 - Developers will submit the fee on a per project basis based on the above criteria at the time of project submittal. PJM will notify project sponsor if submitted fees are found to be insufficient within 30 days after the close of the window.
 - Window administrative cost data will be published 60 days after the agreement for the final project within a window has been accepted by FERC

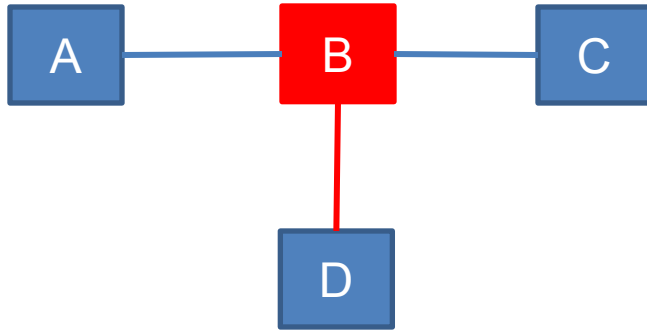
- PJM will utilize the fee to offset the costs of proposal analysis, which includes both PJM internal labor and external consultant costs.
- After two years, PJM will review the process and fee amount with stakeholders utilizing the window data gathered over the timeframe.
 - Project fee process will continue through the evaluation period and until amended.
- All greenfield projects, regardless of final cost allocation, will be required to submit a proposal fee.
 - PJM will track the occurrences where a greenfield project is
 - Located solely within a Transmission Owner's Zone and the costs of the project are allocated solely to the Transmission Owner's Zone
 - Located solely within a Transmission Owner's Zone and the project is not selected in the Regional Transmission Expansion Plan for purposes of cost allocation

- What constitutes a project for the purpose of a project fee:
 - One or more transmission elements that are proposed as a single project and are electrically or geographically related and together solve one or more reliability violations, operational performance issues, economic constraints, or Public Policy goals.

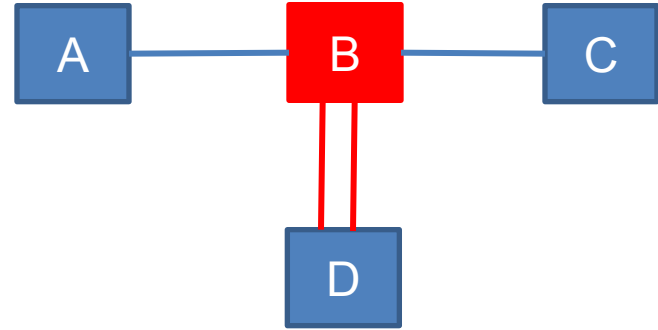
- **Examples of Separate Projects**
 - Line proposed in a single corridor, but at two different voltages
 - Line proposed in a single corridor, but could be constructed either as submarine or aerial
 - Line proposed from substations A to B, B to C, or A to C

What Constitutes a Separate Project

Original project and project alternative solve the same violations



Project 1



Project 1 alternative
with additional line

- PJM will identify this as a second project

What Constitutes a Separate Project

- Multi-Element Project Proposals



- It is the Proposing Entity's responsibility to submit each variant that they want to be considered as a potential solution
 - » Proposal fee required with each variant
- Minor PJM adjustments may be made within the context of the Proposing Entity's proposals
- Major PJM reconfiguration will be considered a separate and distinct solution attributable to PJM.
- To the extent that a Proposing Entity's variant matches the recommended solution, that entity will receive consideration in the designation process.

- Operating Agreement Section 1.5.8(c)(1)
 - Section describes the contents for all proposals packages
 - (c)(1) All proposals submitted ...; ~~and~~ (vi) cost estimates and analyses that provide sufficient detail for the Office of Interconnection to review and analyze the proposed cost of the project; ~~and~~ (vii) with the exception of Transmission Owner Upgrades, a non-refundable proposal fee in the amount of \$30,000 per proposal from each proposing entity who indicates an intention to be the Designated Entity.

- Operating Agreement Section 1.5.8(c)(5)
 - New section
 - (c)(5) Within 30 days of the closing of the proposal window, the Office of the Interconnection may notify the proposing entity that additional fees are required if the Office of the Interconnection determines the funds submitted are insufficient to cover the number of project proposals. Within 10 business days of receipt of the notification of insufficient funds by the Office of the Interconnection, the proposing entity shall submit such funds or notify the Office of the Interconnection which project proposals should be withdrawn from consideration.

- Target is to have the fee process in place for the November 2014 to February 2015 window
 - Stakeholder review and poll on Operating Agreement language
 - First read and vote in the MRC and MC