



ITC appreciates PJM's efforts to set reasonable requirements for proposal fees, and ITC provides the following feedback.

ITC acknowledges that proposal fees are becoming common-place for RTOs to recover the costs incurred to select the best solution among competing proposals. ITC also acknowledges that evaluation of smaller-scale incumbent upgrade projects may incur substantially less analysis than required for larger-scale greenfield projects. However the reduction in analysis could apply to all competing projects, including greenfield, not merely the quickly selected upgrade. To provide a better path forward that reduces the potential for over-collection ITC presents two alternatives for PJM's consideration.

Alternative 1: Apply a fee threshold equally to all projects, regardless of whether they are greenfield or upgrade. For example a \$20 million or \$50 million threshold as contemplated in the current RPPTF language. A proposal fee that disproportionally collects from non-incumbent proposals might be problematic from a FERC perspective as unjustly favoring incumbents.

Alternative 2: Do not require a proposal fee for upgrades, but provide a refund (e.g. 90%) for greenfield project proposals that are quickly dismissed in favor of incumbent upgrades. ITC understands PJM's interest to keep the proposal fee process simple, but over-collection is a real possibility if upgrades are consistently selected with very disparate costs to greenfield solutions. This alternative would also help allay concerns regarding the potential to unjustly favor incumbents and could be combined with the equal threshold of Alternative 1.

ITC would also encourage additional thought regarding PJM differed proposals. These would comprise proposals for which PJM has sought solutions, but conducts no analysis and makes no solution recommendation. For example this would include the proposals submitted in the 2014 RTEP Proposal Window #1 that were solutions for issues due to generators scheduled for deactivation. PJM did not conduct analysis or choose a solution, they merely received the proposals. The proposal fee as proposed now would result in a collection of fees to off-set analysis costs that do not occur. It seems the only reasonable approach would be to provide a refund for that proposal. Again perhaps a partial refund (e.g. 90%) would be prudent. Regardless PJM should consider how to address this in the process.