



Develop PJM Criteria/Guidelines for Assessing End of Life Transmission Facilities

Problem / Opportunity Statement

Most of the existing electric utility grid was built 30 to 50 years ago. Additionally, annual investment in new transmission infrastructure significantly declined from 1982 through 1998. The declining trend was reversed as load continued to grow and utilities responded to regulatory initiatives to foster new investment. According to EEI, annual transmission investment by shareholder-owned electric utilities has ranged from \$5.8B in 2001 to \$19.5B in 2014, and is projected to peak in 2016 at \$22.1B.

With reduced load growth and emerging distributed technologies, one of the primary drivers for new transmission investment will be replacement of aging transmission infrastructure. To date, roughly \$5.5 B has been identified in PJM and more is expected.

Recently, end of life projects are appearing in the PJM Regional and Local Planning forums. Some Transmission Owners have developed detailed criteria to assess end of life projects, memorialized this criteria in their FERC Form 715, which makes this criteria a part of the TO planning criteria and thus PJM planning criteria. Others have not developed published criteria and propose to address end of life facilities as Supplemental Projects. End of Life facilities span the voltage spectrum from local to regional facilities.

Uniform PJM-wide End of Life criteria and guidelines that Transmission Owners could apply to their facilities would improve the local and regional planning processes by providing transparency on the criteria, assumptions and models used to determine the need for and, if so, the scope of the replacement facility. It would provide stakeholders a meaningful opportunity to review and provide written comments on proposed End of Life facilities before the Local and Regional Plans are finalized. Additionally, this would provide PJM planning with improved certainty on the projects to be included in base case build outs, as well as assure a level playing field in competitive windows resulting in less retools and a clearer and more orderly planning process.

This issue is ripe for the PJM Stakeholder process given the number of End of Life projects currently on the books, the litigation before FERC about the PJM Local Planning Process and the lack of prior progress by the PJM TOs to address this issue. Not addressing the issue will lead to continued inefficiency in the Regional and Local Planning Processes and litigation at FERC.