

VIA ELECTRONIC MAIL

Ake Almgren, Chairman
The PJM Board of Managers
2750 Monroe Blvd.
Audubon, Pennsylvania 19408

Re: Supplemental Projects

Dear Dr. Almgren and the PJM Board of Managers:

The undersigned load interests write to express their disappointment in PJM staff's stated refusal at the MRC meeting to implement changes to Manual 14B: PJM Region Transmission Planning Process regarding Supplemental Projects that were approved by a supermajority of the PJM stakeholders. These proposed modifications were for the sole purpose of providing stakeholders and the load interests who pay for these projects additional transparency on the basis, cost, timing and need for Supplemental Projects.

Load interests worked within the PJM stakeholder process for over three years seeking additional transparency on Supplemental Projects. Those efforts were thwarted repeatedly by the Transmission Owners and PJM staff. The result is that PJM has made significant updates to its planning manual to reflect the current planning processes as well as the Transmission Owner's Attachment M-3 to the tariff, without any additional clarification to address the transparency concerns raised by load interests.

Meanwhile, in the three years since the issue was formally raised in the PJM Stakeholder process, PJM Transmission Owners have proposed almost \$10 billion in Supplemental Projects and \$4 billion in FERC Form No. 715 specific Transmission Owner criteria-driven transmission projects. In contrast, PJM itself proposed *only* \$2.1 billion of PJM baseline projects. The 2018 data is even more stark; in a record year of total proposed transmission projects by dollars (\$7.8 billion), \$5.7 billion were Transmission Owner-proposed Supplemental Projects, \$1.5 billion were Transmission Owner established criteria-driven projects and only \$0.56 billion were PJM Baseline Projects. In all, 93% of the project costs proposed in 2018 were driven by individual Transmission Owners versus only 7% by PJM reliability planning.

PJM staff claims that that the supermajority-approved changes to PJM Manual 14B are inconsistent with prior FERC rulings on PJM Transmission Owner Supplemental Projects. To the contrary, the approved modifications are consistent with prior FERC rulings on PJM Transmission Owner Supplemental Projects. In fact, the language was carefully crafted to avoid just such allegations. Indeed, many of the undersigned expressed concern that the proposed language did not go far enough in requiring transparency for Supplemental Projects; however, to strike a compromise, the

stakeholders agreed to less stringent or specific requirements given the Commission's guidance, as well as PJM's resistance to including more detail in its manuals.

While the Commission has made clear that Supplemental Projects are the purview of the individual Transmission Owners, it has also made clear that the Regional and Local Plan includes *all* PJM stakeholders and *is implemented* by PJM. The undersigned hoped that PJM would share consumers' concerns with the billions of dollars proposed for projects self-approved by the Transmission Owners and would give consumers a meaningful opportunity to ensure these facilities are actually needed at the time they are proposed to be in service and that these facilities are the most effective solution. To be clear, the process, as PJM staff is currently implementing it, is not providing an adequate level of transparency. PJM is falling short of its requirements.

When first proposed, load interests supported Regional Transmission Organizations (RTOs) being designated as the independent planner for transmission facilities turned over to them. Transmission planning requires sophisticated staff and complex models and coordination among the various systems owned by different entities. Load interests took great comfort that an independent third party would be ensuring proposed projects were coordinated and that the most cost effective transmission solutions would be built. However, this paradigm no longer holds true given the large number of projects driven by PJM Transmission Owners and not through PJM reliability planning.

In light of the billions of dollars of Supplemental Projects proposed in recent years, it is untenable to hear that PJM believes that language such as "should" and "to the extent possible" is an "overreach" by the stakeholders. It is equally untenable that PJM staff has no problem with disregarding the supermajority vote of the PJM stakeholders. We ask the PJM Board to direct its staff to work with stakeholders to address this paradigm shift and ensure there is sufficient transparency for all transmission projects in the PJM footprint.

We look forward to your reply.

Respectfully,

Marc S. Gerken
President/CEO
American Municipal Power

Marcus Harris
President/CEO
Old Dominion Electric Cooperative

Stanley C. Feuerberg
President & CEO
Northern Virginia Electric Cooperative

Nathan Fridinger
Electric Operations Manager
Hagerstown Light Department

Brian Vayda
Executive Director
Public Power Association of New
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For:

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Borough of Lavallette, NJ
Borough of Madison, NJ
Borough of Milltown, NJ
Borough of Park Ridge, NJ
Borough of Pemberton, NJ
Borough of Seaside Heights, NJ
Borough of South River, NJ
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For:

Town of Bedford, VA
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City of Danville, VA
City of Martinsville, VA
City of Radford, VA
Town of Richlands, VA
City of Salem, VA
Virginia Tech Electric Service –
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