

Package A for End of Life Transmission Facilities

**Members Committee
June 18, 2020**

Package A alignment with the Issue Charge

- Improve transparency in EOL determination process
 - Establish requirements for an EOL determination process that coordinates with the PJM RTEP process
 - Determination of EOL is still a TO decision with stakeholder review for consistency with TO's EOL program
 - Allows TOs that do not want to utilize the EOL process and want to continue to use maintenance activities for their Transmission Facilities to do so. Only impacts TOs that want to declare an entire line/facility as having reached its EOL
 - Similar to the recent TOAC 205 filing, 5-year EOL facilities, but ours is transparency and it is binding. After this Notification is made, PJM plans the solution

Package A Overview



Forward look-ahead process

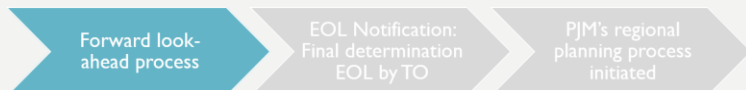
EOL Notification:
Final determination
EOL by TO

PJM's regional
planning process
initiated

Package A

Forward look-ahead process- EOL Condition

- TO specific, 10-year look-ahead program on all PJM Transmission Facilities for increased transparency to stakeholders
- TO presents their program on an annual basis to stakeholders and highlight any changes in approach from the previous year
- TO presents a list of look-ahead facilities on annual basis to advise stakeholders of likely future notifications (*non-binding*)

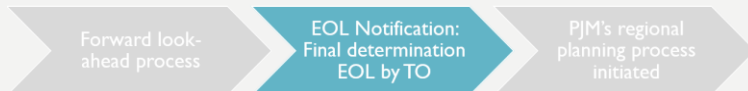


Transparency

Package A

EOL Notification: Final determination of EOL by each Transmission Owner

- TO specific EOL determination on all PJM Transmission Facilities
- TO provides EOL notification to PJM and stakeholders 6 years from EOL date
 - Compatible with current schedule for 5-year PJM RTEP planning models
 - Enables PJM to hold open window competition for EOL projects subject to applicable exclusions, we removed the 200kV exclusion, all others remain in the OA
- TO provides specific information to allow stakeholders to ensure determination was consistent with TO program

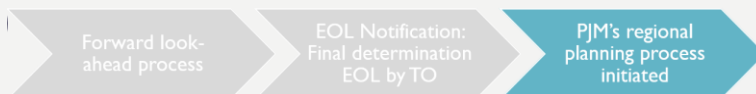


Transparency

Package A

PJM's regional planning process initiated

- Once EOL Notification provided, PJM regionally plans as part of RTEP
 - Existing governing documents clearly define that PJM plans the RTEP (Section 4 of the CTOA (Consolidated Transmission Owners Agreement))
- PJM, in its RTEP study processes, looks for solutions that now would include EOL needs from Transmission Owners and ensures no CIP-014-2 critical facilities are created
- Allows for EOL needs to be placed in competitive open windows and for EOL needs to be potentially combined with other needs, for most cost-effective solutions
 - Subject to competition exemptions under existing OA (i.e., Substations, Upgrades, State law, etc.)
 - Package A removes the 200 kV reliability competition exemption, all others remain
- Only PJM would have authority to alter in-service dates for EOL projects as they currently do for any RTEP project. No requirement for PJM to change in-service dates for EOL projects.



PJM Plans

Package A - OA Highlights

- PJM Stakeholders have the 205 rights to change the PJM Operating Agreement
 - No required changes to the Tariff or CTOA or conflicts with these Agreements
- Creates new definitions for EOL look-ahead transparency programs and EOL Notifications by the TOs
- Revises definition of Supplemental Projects to align with new EOL definition
- Changes have been posted on the PJM website since April 23rd under the MRC
- A few minor changes have been made due to input mostly from PJM, but from stakeholders as well

Let's be clear on Package A...

- Not part of Form 715 process; EOL projects become RTEP projects under Package A
- As with all RTEP projects, Stakeholders don't vote on EOL projects, TOs make this EOL decision, PJM plans the solution
- Does not take away TO's right to maintain assets
 - Planning starts when TO determines a Transmission Facility needs to be replaced/retired. TO is not required to use EOL, TOs can choose to continue to maintain their facilities instead, the CTOA clearly allows this.
- Does not conflict with CTOA or OATT
 - OA revisions are needed and give PJM the authority to plan EOL projects
 - CA Orders are not applicable
- No shift in liability to PJM, only the TOs are making decisions on their transmission facilities, not PJM.
- Stakeholder proposal will not increase costs, should decrease costs
 - EOL projects being eligible for competition should reduce costs (Brattle Report- 30%)
 - PJM will plan for least cost/best option, saves costs
- Stakeholder proposal should lead to fewer Supplemental Projects
- Provides improved clarity and timeliness for the generation queue as PJM will be able to establish Required/Need by in-service dates for all EOL driven Baseline projects

TOs 205 Filing at FERC on EOL

- Is memorialized in OATT under M3 giving the TOs total control over the majority of the transmission planning projects that will occur in the future
- Was not part of PJM CBIR process
- TOs' filing reserves any and all future RTEP planning changes with their new M-3 language. This means that any additional enhancements to the RTEP will not be possible without TO approval. This is a huge shift and power grab by the TOs
- If PJM stakeholders want their voices heard at FERC, then Package A need to gets a super majority of votes today since the TOs have already filed

Conclusions

TOs 205 filing

- Almost zero transparency on EOL
- Allows the TOs to continue to plan the vast majority of EOL transmission projects (~99%)
- Does not include EOL projects in with the RTEP process so interconnection customers will have less transparency and optionality
- PJM will no longer be “the electric industry leader – today and tomorrow – ...in infrastructure planning”

Stakeholder Proposal

- Increases transparency with the 10-year look-ahead
- Improves transparency and consistency amongst PJM market functions with coordination within the RTEP timeline
- Allows for Order 1000 competition for EOL projects, lowers costs to ratepayers
- PJM has the authority to alter in service dates to meet their needs (current situation)
- Improves the overall transmission system performance because PJM is planning EOL projects in coordination with PJM’s RTEP process