



POWER SUPPLY | GENERATION | FINANCIAL | MEMBER SERVICES | RISK MANAGEMENT | SUSTAINABILITY

PJM Markets & Reliability Committee Meeting End of Life Projects

American Municipal Power

August 23, 2018



What TDUs and Customers Want?

Consistent with FERC direction and principles of coordination, openness, transparency, information exchange and comparability:

- 1) the ability to ensure that planned facilities are indeed necessary and economical
- 2) transparent criteria, assumptions and models
- 3) meaningful opportunity for review and input
- 4) consistency and uniformity to the extent practical

AMP/ODEC EOL Proposal

- **Nothing** that contradicts or runs afoul of the TOs' M-3 compliance filing or FERC's Order
- **Nothing** proposed that would violate CTOA
- **Not** asking PJM to **plan** Supplemental EOL facilities
- **Not** asking PJM to **approve** Supplemental EOL Projects
- **Not** asking PJM to call balls & strikes
- **Not** asking PJM to modify their planning schedule
- Does **not** impose additional work on PJM Planning staff

AMP/ODEC Proposal

- **No longer** requires ADR, if applicable, before EOL project finalization
- **No longer** requires process to occur prior to TO budget finalization
 - Looking for opportunity for meaningful comment
- **No longer** requires subsequent alternatives and project finalization meetings
 - Must work within PJM or M3 process schedule
- **No longer** includes detailed examples of criteria and how it would be applied to specific projects

AMP/ODEC Proposal

- Focus on **End of Life** Projects - Baseline and Supplemental
- EOL projects are **not** Supplemental Projects to meet new unexpected load or to address emergency equipment failures
- EOL Projects are identified as part of TO's annual budgeting process and the Local Plan, well in advance of PJM's transmission planning year – timing is discretionary
- TOs must justify EOL projects to their management – information should be available
- We are seeking compliance with Order 890's transparency and coordination principles

Current PJM Operating Agreement Requires Sufficient Information

- “The PJM Operating Agreement requires the PJM Transmission Owners to provide to the PJM Office of Interconnection, among other things, “all criteria, assumptions and models used in the current Local Plan,” which the PJM Office of Interconnection then posts to its website. ***However, the record in this proceeding indicates that the PJM Transmission Owners often provide models, criteria, and assumptions as part of the Supplemental Project transmission planning process that are vague or incomplete and do not allow stakeholders “to replicate the results of planning studies.” (P74)***

Commission's Order Clearly Expects Sufficient Information to be Provided

- “The record indicates that, in practice, the PJM Transmission Owners are providing **transmission planning information**, including models, criteria, and assumptions, that **is inadequate to allow stakeholders to replicate their planning studies, as Order No. 890 requires**. In addition, we find that this information is often provided too late in the transmission planning process for stakeholders to participate before the PJM Transmission Owners have taken significant steps toward developing Supplemental Projects. **As a result, stakeholders are unable to use this information in the manner that Order No. 890 required that they be able to use it, including to “replicate the results of planning studies** and thereby reduce the incidence of after-the-fact disputes regarding whether planning has been conducted in an unduly discriminatory fashion.” (P77)

AMP/ODEC Proposal

- Developed, to the extent possible, in consultation with PJM legal planning staff
- Tracks TO OATT M-3 Compliance Filing and current PJM baseline planning processes
- Adds clarity as to what information should be provided to ensure information as required by the OA is sufficient

AMP/ODEC Proposal

- Recognizes and accommodates the fact that each TO may approach asset end of life decisions differently
- In a nutshell, if a TO states it applies 5 tests in its EOL decision process, we'd like to see how those 5 tests have been applied to a specific project and how that project fits into the TO's work plan priority.
- Manual 14B Changes – no OA or OATT changes required

Manual 14b New Sections

1.3.3 End-of-Life Facility Planning

The Transmission Owner's process specific to end-of-life facilities may be memorialized as criteria under the Operating Agreement, Schedule 6, in its Form 715 or under OATT, Attachment M-3 individually through its local planning criteria.

1.4 RTEP Process Key Components

5. End of Life Analyses

Maintaining the Transmission System also requires a transparent and replicable process for determining that a transmission facility should be replaced or subject to other capital improvement in accordance with good utility practice due to End-Of-Life (EOL) issues. The RTEP process shall incorporate TO planned Form 715 and Supplemental projects in a manner that supports transparency and cost effective regional planning.

Manual 14b New Sections

1.5.3 EOL Planning

The EOL decision making process is driven by each Transmission Owner and memorialized through either a Transmission Owner's FERC Form 715 criteria under the Operating Agreement, Schedule 6 or individual transmission owner local planning criteria under OATT, Attachment M-3. Such EOL criteria should include articulable objectives that are measurable and replicable and, to the extent available, quantifiable (e.g., asset replacement prioritization schedule). Such criteria should be provided by each TO to PJM for posting 30 days in advance of the assumptions meeting for the applicable RTEP cycle.

Manual 14b New Sections

2.1 Regional Plan encompasses:

EOL Local Area Planning discussed in this section 2, provided that the TO should identify EOL projects, to the extent known, five years forward.

2.8 Evaluation of EOL Issues

For each EOL project, dependent on the TO's process and to the extent available, each TO should (i) identify the owner of the asset(s); and (ii) provide an asset-specific condition assessment (e.g., assessments, photographs, etc.) that supports the need and proposed solution for the EOL replacement facility or capital improvement consistent with the TO's criteria.

Questions?