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PJM FILES TO INCREASE COMPETITION, INNOVATION, PARTICIPATION IN ELECTRIC TRANSMISSION PLANNING PROCESS
FERC Order 1000 compliance filing features competitive solicitation for new transmission projects

(Valley Forge, Pa. – Oct. 25, 2012) – PJM Interconnection today proposed ways to increase competition and innovation in the development of electric transmission improvements, to consider public policy requirements and to increase the participation of states and others in the transmission planning process. The filing, made to the Federal Energy Regulatory Commission, addresses the commission’s call in its Order 1000 for changes in how electric transmission is planned.

“PJM is building on a solid planning process that has achieved results and that already has expanded stakeholder participation and involves the states in transmission planning,” said Terry Boston, PJM CEO and president. “We believe our approach provides additional opportunities for competitive solutions to transmission needs balanced with meeting our primary obligation of maintaining reliability.”

PJM’s filing reviews how PJM’s current transmission planning process meets various Order 1000 requirements.

Highlights of PJM’s filing today include enhancements to provide additional opportunities for consideration of alternative solutions, a transparent process for review and approval of transmission needs and solutions, and a state agreement approach that provides an additional involvement for states to propose transmission improvements and additions required by public energy policies, such as renewal portfolio standards.

Earlier this year, PJM received FERC approval of planning process enhancements that redefined and expanded stakeholder participation in the planning process and addressed public policy considerations.

The earlier filing showed that PJM’s transmission planning process accommodates not only new technologies, such as storage, but also changing patterns of consumers’ use of electricity, such as demand response.

Under the previous changes and today’s filing, public policy initiatives, such as renewable resource integration, demand response programs or other environmental initiatives, as well as “at risk” generation can be included in scenario planning, sensitivity studies and modeling assumptions used to analyze transmission needs. PJM has already begun to study such scenarios in this year’s transmission expansion planning cycle.

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Other key components of today's filing:

- PJM's plan calls for an innovative approach to developing transmission projects by calling for proposal windows through which an entity may submit a project proposal. PJM has included the potential for competitive solicitation of proposals for:
  - long-lead projects (needed in five or more years),
  - short-term projects (needed in four to five years),
  - immediate-need reliability projects (needed in three years or less), as well as
  - for market efficiency projects.

- PJM has included a time element to ensure an appropriate proposal window is available to transmission development competitors while balancing the need for projects to be selected, sited and constructed in time to maintain the reliability of the transmission system.

- To meet the FERC requirements regarding cost allocation, PJM supported the revisions to regional cost allocation methodologies filed separately by PJM transmission owners on Oct. 11, 2012.

- PJM proposes a process for including in the Regional Transmission Expansion Plan projects identified by one or more states that address their state public policy requirements.

Details about the compliance filing are highlighted in the summary letter of the filing.

PJM Interconnection, founded in 1927, ensures the reliability of the high-voltage electric power system serving 60 million people in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM coordinates and directs the operation of the region's transmission grid, which includes 59,750 miles of transmission lines; administers a competitive wholesale electricity market; and plans regional transmission expansion improvements to maintain grid reliability and relieve congestion. Visit PJM at www.pjm.com.

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