April 15, 2014

Via E-mail
Mr. Howard Schneider
Chair, PJM Board of Managers
PJM Interconnection, LLC
P.O. Box 1525
Southeastern, PA 19399-1525

Re: DFAx Transparency in TEAC Meetings

Dear Mr. Schneider and Members of the PJM Board:

I write, on behalf of Consolidated Edison Company of New York and Rockland Electric Company, in regards to a gap in the current PJM planning process regarding the transparency of cost allocation for RTEP approved projects. In particular, the April 9th FERC Order on Tariff Revisions and Cost Allocation Report\(^1\) states that “details implementing the Solution-Based DFAx methodology should be reviewed with the TEAC [Transmission Expansion Advisory Committee] Process,” but there is no established process for reviewing the DFAx methodology in the TEAC process. We accordingly request that the Board direct PJM staff to follow the Commission’s directive for current and future projects in discussion at the TEAC meetings, or another committee if more appropriate. We request in addition that the Board respond in writing and provide the details as to how its Staff intends to review the implementation of the Solution-Based DFAx methodology in the TEAC process. In response to the April 9th FERC Order, PJM Staff should discuss all information required to review the steps of the cost allocation calculations, as detailed in Exhibit 1 of Mr. Steve R. Herling’s Declaration to FERC in Docket No. ER13-195-000 dated July 18, 2013), and in addition include DFAx results for each nested zone before the smallest one is selected.

For example, at the most recent TEAC meeting (April 10th), a project was discussed to resolve stability issues near Artificial Island located in New Jersey. Five different proposals were submitted, each varying in miles of cable, outages required, and whether submarine or aerial cable should be used. PJM Staff will review each proposal and expects to have a decision on which solution to pick by the scheduled May 2014 TEAC meeting, but committed to only “briefly” discussing how cost allocation would be

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\(^1\) PJM Interconnection, L.L.C., 147 FERC ¶ 61,028 (2014).
determined for each of those projects. For this project, detailed information on the Solution-Based DFAX results should be made available, including, as mentioned above, any intermediate steps or assumptions taken to arrive at the final cost allocation.

We appreciate your prioritization of this matter. Providing this information would provide necessary transparency as to the potential cost allocation of RTEP projects. Thank you for your attention and consideration.

Sincerely,

Richard B. Miller
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cc: Terry Boston
    Michael Kormos