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Mr. Steven Herling
Vice President, Planning
PJM Interconnection, LLC
Valley Forge Corporate Center
955 Jefferson Avenue
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Re: Exelon comments to the PJM Board on October 30, 2006 TEAC Meeting

Exelon appreciates the invitation to submit comments on the proposed RTEP projects and cost allocations that were presented in the October 30, 2006 Transmission Expansion Advisory Committee (TEAC) meeting. After reviewing the proposed projects and cost allocation, Exelon would like to raise the following issues and offer suggestions for resolution.

1. **PJM should adopt business rules that would eliminate retooling of RTEP for reliability upgrades** – PJM has been repeating the RTEP reliability analysis, referred to as 'retooling', in response to incoming requests for long term firm transmission service, the cancellation of Generation Interconnection Projects or Merchant Transmission Projects, and completion of PJM queue impact studies. The 2011 RTEP has already been retooled and an anticipated additional retool was presented at the recent TEAC meeting. The multiple retools create a longer period of uncertainty in what baseline reliability projects and associated allocations are required. Also, multiple iterations of the analysis, including stakeholder review of the results, are inefficient. Exelon advocates adoption of business rules that would eliminate retooling due to delays in completion of queue studies and long term firm transmission service requests that do not coincide with the RTEP schedule. PJM should develop a cyclic, scheduled process for adding new projects that does not require 'retooling' the PJM RTEP.

2. **PJM should continue to refine the reactive analysis and input these results into the RTEP** – PJM has taken a positive step in evaluating the future reactive device requirements looking 10 years into the future. The inclusion of Voltage Stability analysis, perhaps based on PV curves, and the effect of large projects would provide more assurance of identifying the proper mix of static and dynamic reactive devices while avoiding potential reactive installations in excess of actual requirements. The additional analysis should be performed to determine whether

dynamic reactive devices, rather than just static devices, are required to resolve voltage stability concerns on the PJM system. The reactive analysis should include a determination of whether major transmission projects would eliminate the need for dynamic reactive devices. The current analysis may not recognize this and could lead to proposing potentially unnecessary, expensive dynamic devices. In circumstances where such long-term projects eliminate reactive problems, short-term reactive solutions might be appropriate.

3. **PJM should hold a technical review of reliability issues and suggested upgrades with transmission owners in advance of TEAC meetings so that incorrect or unchallenged information is not presented at the TEAC meeting** – Currently, the TEAC meeting is being utilized as a forum to unveil analysis and projects for the first time. It is difficult for the participants to provide technical comments and technical support without prior review. This practice does not allow sufficient time for Transmission Owners to perform their own technical review and obtain input from their senior leadership. Transmission Owners need an opportunity to discuss detailed technical issues and exchange ideas on the feasibility of suggested transmission reinforcements. Periodic review meetings should be held with Transmission Owners to seek feedback and develop coordinated reinforcement solutions between zones in anticipation of, and in preparation for, final discussion and decisions at TEAC meetings.

4. **PJM and the Transmission Owners should document the role of the siting feasibility study lead.** – In the current siting feasibility study process, there is no documentation of the responsibilities, scope of authority and rights of the lead Transmission Owner and other affected Transmission Owners. This is significant given that PJM may require a Transmission Owner to perform a siting feasibility study for long-term transmission upgrades that require significant resource commitments such as the acquisition of rights of way. Moreover, questions regarding the priority of use for rights of ways and available circuit positions will need to be articulated. As such, the rights and responsibilities of the lead transmission owner and any affected transmission owners should be documented in the PJM Tariff (OATT) and clearly state whether the lead transmission owner is authorized to request studies and resources from affected transmission owners.

Please feel free to contact me by phone at 215-841-4706, or e-mail at susan.ivey@exeloncorp.com

Sincerely,

Susan O. Ivey

cc: Dave Weaver
Ron Chu
Jennifer Sterling
Ron Szymczak