

Exelon Comments for PJM Transmission Expansion Advisory Committee

December 8, 2010

Exelon Concerns About Market Efficiency Analysis

- Generation is added without resultant transmission
 - Section 1.5.7(k)(viii) of Schedule 6 of Operating Agreement requires PJM to add generation to meet reserve requirement
 - Schedule 6 allows the addition of transmission that generation would require
 - PJM analysis shows over 6,100 MW wind by 2019
 - At least one generator in the queue, R33, would require transmission that could have significant impact on the market efficiency analysis
 - Without necessary transmission upgrades, market efficiency projects would charge load rather than generators paying 'but for' costs
 - Making load, rather than interconnecting generators pay may result in lines not being sited

Exelon Concerns About Market Efficiency Analysis

- PJM has not discussed how it will account for participant funded projects with agreements during or following the analysis - Section 1.5.7(k)(vi); (ix) of Schedule 6 of Operating Agreement
 - IARR Upgrades: V4-006; V4-007; V4-030; V4-031
 - Merchant Transmission: W4-003
- If participant funded projects could make an economic efficiency project unnecessary, PJM should provide that information up front.

Other Issues

- Submitting a proposed single circuit line when another entity has submitted a double circuit line with the exact same terminals cannot give the second submitter any rights – the modified project is not only ‘most similar to’ the earlier submitted project, it is the same line limited to only one circuit
- Not clear what the basis of the cost estimates being used for initial studies or assumptions that go into them