

Request For Removal of PJM Out-Service Transmission Rate for the Linden VFT and Neptune Cable

Linden VFT TSR Holders & LIPA

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Presenter: Frank Francis

About Linden Variable Frequency Transformer (“Linden VFT”)

- ❖ Owned by GE Energy Financial Services and operated by Linden VFT LLC
- ❖ Linden VFT LLC is a registered PJM Transmission Owner
- ❖ The Linden VFT is a 300 MW facility
- ❖ Provides a controllable connection between PJM and NYISO, Zone J (NYC)
- ❖ Facility went live (COD) on November 1, 2009
- ❖ Retains firm PJM withdrawal interconnection agreement
- ❖ Capacity Rights auctioned off via a FERC approved Open Season Auction

About Linden VFT TSR Holders

- ❖ Four successful bidders of FERC approved Open Season Auction for scheduling rights across the Linden VFT.
 - Brookfield Energy Marketing Inc.
 - Consolidated Edison Energy, Inc.
 - Conectiv Energy Supply, Inc
 - Cargill Power Markets, LLC

- ❖ Scheduling Rights allocated in blocks of 25 MW for a term of 3 to 5 years

About Neptune Cable

- ❖ The Neptune Cable is a 685 MW HVDC Merchant Transmission Facility
- ❖ Owned by the Neptune Regional Transmission System, LLC
- ❖ Registered PJM Transmission Owner
- ❖ Cable went commercial on June 29, 2007
- ❖ The Long Island Power Authority (“LIPA”) retains a firm transmission capacity purchase agreement for the full transmission capacity of the cable

Issue

- ❖ The TSR holders and LIPA have reviewed the charges assessed to export transactions flowing from the PJM control area across the Linden VFT and the Neptune Cable into NYISO Zone J (NYC) and Zone K (Long Island) respectively.
- ❖ The review has concluded that dissimilar treatments exist between the aforementioned and transactions exported over the PJM/NY AC ties.
- ❖ In addition to securing and paying for out-service, the Linden VFT and Neptune cable have incurred additional RTEP and interconnection upgrades related costs.

Issue Cont.

- Both Linden VFT LLC and the Neptune Regional Transmission System, LLC companies went through the PJM interconnection process.
- Required network upgrades determined by PJM before projects could interconnect
- Network upgrade costs paid in order to obtain firm capacity withdrawal Rights

Issue Cont.

- This creates an uneven playing field between the Linden VFT/Neptune Cable and PJM/NY AC inter-ties for outbound service and puts a significant downward pressure on transacting business across both the Linden VFT and the Neptune Cable.

Proposal

- ❖ In order to rectify the dissimilar treatment the TSR Holders, and LIPA request that the TOA-AC approve this proposal to remove PJM out-service requirement for transactions scheduled with the following sources & sinks and PORs & PODs listed:
- ❖ Source: Any location within PJM
Sink: LINDENVFT
POR: PJM (any location within PJM)
POD: LINDENVFT

Proposal cont.

- ❖ Source: Any location within PJM
- Sink: Neptune
- POR: PJM
- POD: Neptune

Why Should the TOA-AC Approve this Proposal?

- Both the Linden VFT LLC and the Neptune Regional Transmission System, LLC companies went through the PJM interconnection process and accepted their system upgrade costs allocation to obtain firm capacity withdrawal rights.
- Provides fair and equitable treatment

Why Should the TOA-AC Approve this Proposal Cont.

- Regional Transmission Expansion Project (“RTEP”) costs are allocated to both Linden VFT and the Neptune Cable
- Rectifies the penalizing treatment of controllable lines in comparison to the existing AC inter-ties

Questions