

**PJM TOA-AC RTEPWG  
Charter  
TOA-AC Input to RPPWG**

**Purpose and Objectives**

The purpose of the Working Group is to develop information and recommendations for PJM Transmission Owners to develop joint and individual positions with regard to those specific issues being addressed by the PJM Regional Planning Process Working Group (RPPWG). The RPPWG is evaluating the need to expand the transmission planning criteria, or existing scenario planning procedures, to include a broader range of assumptions, and evaluate alternatives to the current decision metric for adding and keeping Baseline upgrade projects in the RTEP. The RPPWG is also developing a process that PJM will use to receive and consider alternate transmission proposals and designate, where appropriate and legally permissible, an entity other than the local incumbent transmission owning member to finance, construct, own, operate, and maintain Baseline RTEP upgrades. Specifically, the RPPWG, and by extension the RTEPWG, are charged with the following tasks:

- A. Under evaluate the need to expand the transmission planning criteria, or existing scenario planning procedures, to include a broader range of assumptions, and evaluate alternatives to the current decision metric for adding and keeping Baseline upgrade projects in the RTEP.
  - 1. Evaluate the impact of and make recommendations on implementing planning procedures to incorporate public policy considerations such as established and proposed federal and state RPS requirements, renewable resource integration, demand response programs, or other environmental initiatives, and determine how these inputs fit together.
  - 2. In the event additional planning criteria are proposed to address public policy initiatives, the Working Group will also assess the impact of these procedures on the current interconnection queuing processes.
  - 3. Define and evaluate “at-risk” generation, and make recommendations on modifying or expanding PJM criteria or procedures related to “at-risk” generation in the RTEP.
- B. Under developing a process that PJM will use to receive and consider alternate transmission proposals and designate, where appropriate and legally permissible, an entity other than the local incumbent transmission owning member to finance, construct, own, operate, and maintain Baseline RTEP upgrades.
  - 1. Develop process for receiving and queuing competing system reinforcement alternatives for Baseline RTEP upgrades.

2. Develop process for comparing and decision metric for selecting the upgrades among competing system reinforcement alternatives for Baseline RTEP upgrades.
3. In the event, where appropriate and legally permissible, that PJM is required to designate third party entities to finance, construct, own, operate, and maintain Baseline RTEP upgrades, develop process for designating the selected Baseline RTEP upgrades to entities other than the local incumbent transmission owning members of PJM to finance, construct, own, operate, and maintain those Baseline RTEP upgrades.
4. Develop criteria and process for qualifying third party entities for PJM to designate financing, construction, ownership, operation, and maintenance responsibility of Baseline RTEP upgrades. Develop the business rules associated with the operation, maintenance, and future expansion of these projects.

C. Discuss other factors that PJM should consider.

1. Develop process for considering other factors in the PJM planning process, such as loop flows, etc.

**Measure of Success / Effectiveness**

The extent to which the RPPWG recommendations to the MRC have been influenced by the RTEPWG recommendations to the TOA-AC.

The extent to which the RTEPWG recommendations and deliverables to the TOA-AC reflect what the TOA-AC has requested from the RTEPWG.

**Major Tasks and Responsibilities (Approach Used to Meet Objectives)**

Openly share insights and exchange thoughts among the RTEPWG members on Responsibilities outlined in the RPPWG Charter, and Purpose and Objectives outlined in the RTEPWG Charter.

Provide TOA-AC with recommendations on positions regarding the items outlined in the RPPWG and RTEPWG Charters.

Provide information for developing joint and individual positions on the items outlined in the RPPWG and RTEPWG Charters, and present this information to TOA-AC along with recommended positions that are reached through RTEPWG consensus.

Upon TOA-AC approval, present the consensus joint positions at the RPPWG meeting.

TOA-AC members retain the right to advocate their respective individual positions at the RPPWG meetings.

Provide updates on RTEPWG and RPPWG activities at the TOA-AC meetings.

The RTEPWG will not consider any other issues except those specifically designated by the TOA-AC through its approval of this RTEPWG Charter. Additional issues to be analyzed by the RTEPWG will first need to be reviewed and approved by the TOA-AC.

All recommendations will consider safety and the reliability of the bulk transmission system as the ultimate top priorities.

### **Administrative Considerations**

The RTEPWG will be made up of representatives designated by the individual members of the TOA-AC.

The RTEPWG Chairman will be appointed by the TOA-AC, and the RTEPWG Secretary will be appointed by consensus of the RTEPWG members.

The RTEPWG Chairman or designee will be responsible for providing updates and records of proceedings to the TOA-AC after each meeting of the RTEPWG, as requested by the TOA-AC.

On matters requiring a vote, each Transmission Owner represented on the RTEPWG will have one equal vote.

The RTEPWG will meet as required to carry out its responsibilities consistent with the RPPWG activities and schedule.

### **Core Competencies of Members**

Must be active employees or designees of the Transmission Owner they represent.

Should possess an interest and knowledge of the RTEP planning process.

Should possess a reasonable understanding of EHV system planning and the industry standard planning software tools.

Should have a working understanding of the NERC reliability standards.

**Note: TOA-AC guidance needed on how the RTEPWG should proceed with addressing the policy aspects of PJM assigning third parties to finance, construct, own, operate, and maintain Baseline RTEP projects.**

### **Key Risk Factors**

Transmission upgrades are periodically planned in the PJM footprint to assure that adequate transmission is in place to maintain reliability and economics on a regional

level. This adequacy assurance requires that the planning process considers a broad range of factors and assumptions that can impact the reliability and economics of the transmission system.

One key factor is that PJM system reliability could be impacted significantly if adequate transmission is not planned, approved, built, and placed into service in a timely fashion well in advance of need. Also, the existing transmission network in PJM is not adequate to handle all present and future regional market and public policy initiatives related to federal and state mandates, as the existing transmission system has not been planned, designed, and constructed based on these additional considerations. On the other hand, challenges are presented from a planning perspective in considering future public policy initiatives, which may change or not materialize, thus resulting in the risk of overbuilding the transmission system.

Another key factor is the evaluation of the effectiveness and appropriateness of a specific upgrade among competing system reinforcement alternatives, and the process to qualify and designate third parties (if PJM is required to do so where appropriate and legally permissible) to finance, construct, own, operate, and maintain the selected Baseline RTEP upgrades.

### **Roadblocks (Assumptions and Constraints)**

Misconceptions by some entities that the transmission owners are reluctant to build transmission facilities or that inadequate transmission is being built.

Lack of understanding by some entities of required lead-times to construct new facilities.

Lack of understanding of the challenges associated with state siting processes.

Views held by some entities that transmission is in competition with resources such as generation and demand response.

Concerns that transmission investments will be costly; failure to recognize potentially large savings resulting from transmission expansion.

### **Roadblock Mitigation**

Reinforce TO position on commitment to build transmission projects that are planned through an open, transparent, and centralized planning process that is accepted by PJM stakeholders, and is based on clear planning metrics.

Educate stakeholders on the expected lead-time and siting challenges to construct transmission facilities.

Provide objective cost benefit analysis results to stakeholders on how transmission enhances market efficiency by relieving congestion and providing access to low cost electricity to customers within the PJM footprint.

**Key Milestones**

<b>Milestone</b>	<b>Projected Completion Date</b>	<b>Deliverable / Work Product</b>
Finalize WG Roster	Complete	WG Roster
Kick-off Conference Call and Draft Charter	July 12, 2010	Draft Charter
Review Charter with TOA-AC	August 19, 2010	Final Charter
Develop Information and Recommendations on Positions on Issues in Charters	On-going	Information and Recommendations on Positions on Issues in Charters
Review Information and Recommendations on Positions on Issues in Charters with TOA-AC	On-going	Information and Recommendations on Positions on Issues in Charters
Participate in RPPWG on Behalf of TOA-AC	On-going	TOA-AC Input to RPPWG
(Additional Items to be Added)	TBD	TBD