

May 25, 2010

Steven Herling, Vice President of Planning  
Paul McGlynn, Manager, Transmission Planning  
PJM Interconnection  
955 Jefferson Ave.  
Norristown, PA 19403

Dear Mr. Herling and Mr. McGlynn:

The PJM public interest organizations and state entities noted below offer the following comments on the “Draft Charter for Discussion” considered at the last meeting of the Regional Planning Process Working Group (RPPWG). Our organizations strongly support PJM’s effort to re-charter the RPPWG to focus on the need to expand transmission planning criteria to include public policy initiatives because we believe that broader scenario planning assessments with a broader range of assumptions and inputs will enhance the planning results and increase public acceptance of RTEP plans. Our groups also support PJM’s decision to perform sensitivity analyses on the integration of over 40,000 MWs of renewable resources and approximately 11,000 MW each of demand response (DR) and energy efficiency (EE) resources to evaluate existing state mandates within the region for inclusion in the 2010 RTEP.

While our organizations agree with the draft charter language suggesting that planning criteria should include “public policy initiatives” such as renewable resource integration, demand response programs and other environmental initiatives, we also believe the RPPWG should focus on how planning will evaluate state RPS/IRP requirements, existing land use and development sensitivities, land preservation protections (historical, wildlife, etc.), aquatic- and land-conservation limitations, and greenhouse gas and criteria pollutant emissions. In other words, the charter should make the RPPWG responsible for addressing how established state and federal policies affected by transmission system plans can best be identified and factored into the planning process and how the impacts of these policies may affect the timing of projects included in the RTEP.

In addition, we suggest that the draft charter clarify that the term “demand response programs” includes EE and clean distributed generation resources. In PJM’s most recent base residual auction (BRA), 680 MWs of EE cleared the market and will be available to provide capacity in the 2013-2014 Delivery Year. Because these resources, along with dispatchable DR resources, can provide non-transmission reliability and congestion solutions to grid problems, they should be fully evaluated in the planning process.

Finally, our groups believe that future RTEPs should reasonably account for all types of resources available to meet system needs at the time they are issued. The 2009 RTEP, released in February 2010, did not include any of the 570 MWs of new EE resources that cleared in the May 2009 BRA, and we believe that excluding known resources from RTEPs can significantly misrepresent system needs and resource options available to meet those needs. This problem

was highlighted recently by PJM's conclusion that the PATH Line would not be needed in Virginia by 2014, as originally thought, when the demand-side resources that cleared in the 2009 BRA were included in the modeling as required by the Virginia Hearing Examiner.

We appreciate the opportunity to participate in the RPPWG process and to comment on the draft charter.

Respectfully submitted,

By: *William F. Fields*

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On behalf of:

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