



PJM Interconnection Policy Forum: An Overview of Federal Interconnection Policy

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PJM Interconnection

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- FERC 1997 PJM Order November 25, 1997
- FERC Order 2003: July 24, 2003
- FERC Order 1000: July 21, 2011
- FERC Order 2222: Sept. 17, 2020



- Ensure that the “cost causer” (interconnecting generator) initially pays all of the upgrade costs that would otherwise not be needed but for the interconnection (i.e., “but for” costs)
- Found reasonable given their ability to receive congestion rights
- Protect consumers from paying for upgrades which would not be needed if not for the interconnection request
- Once interconnected, ensuring continued deliverability of the interconnected generators through baseline upgrades paid for by load



Order 2003 – Issued July 24, 2003

FERC's Initial Focus – Standardization of Interconnection Policies to:

- Limit opportunities for non-independent Transmission Providers to favor their own generation
- Facilitate market entry for generation competitors by reducing interconnection costs and time
- Encourage needed investment in generator and transmission infrastructure
- Commission specifically notes PJM requirement for assignment of network upgrade costs



- Shift from ‘cost causer pays’ to ‘beneficiary pays’ for base line upgrades
- Requirement to consider public policy in RTEP planning process
- PJM requests FERC to reconcile Order 1000 approach as applied to renewables vs. ‘cost causer’ interconnection principles
- Development of State Agreement Approach – OPSI June 2012 letter of general endorsement



- Determining upgrade costs – ensuring that interconnecting generator pays all “but for” costs it causes by virtue of its interconnection
- Ensuring non-discrimination in administering the interconnection process:
 - Fuel neutral
 - Ownership neutral
 - Order 2222: Nondiscriminatory deliverability analyses as between behind-the-meter and front-of-meter generation

Three Distinct Venues

1. Process reforms, which PJM can undertake within the existing framework.
2. PJM-specific policy reforms that would need to be justified under FERC standards of review defined in Order 2003.
3. Requests for larger FERC effort to update and reform interconnection policies nationally.
 - Original PJM Order---24 years old
 - Order 2003 – 17 years old
 - Focus on renewables and state-driven support has grown exponentially over this 17-year period



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An Overview of Federal Interconnection Policy



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