

April 24, 2026

**Notice of the PJM Transmission Owners Consultation with the Members Committee
Regarding a Proposed Revision to the PJM Tariff, Schedule 12**

Pursuant to Section 7.3.2 of the Consolidated Transmission Owners Agreement (“CTOA”) and Section 9.1(b) of the PJM Interconnection, L.L.C. (“PJM”) Open Access Transmission Tariff (“Tariff”), the Transmission Owners Agreement Administrative Committee (“TOA-AC”) hereby initiates consultation with the PJM Members Committee regarding a proposed revision to add a section (b)(xix) to Schedule 12 of the PJM Tariff to comply with the requirements of Federal Energy Regulatory Commission’s (“FERC”) Order No. 1920 (“Proposed Revision”). Subject to vote in accordance with Section 8.5.1 of the CTOA, the PJM Transmission Owners (“PJM TOs” or “Transmission Owners”) intend to jointly file under section 205 of the Federal Power Act the Proposed Revision with FERC.

As discussed further herein, the Proposed Revision consists of a new section of Schedule 12 of the Tariff to provide a cost allocation methodology for projects selected according to the Long-Term Regional Transmission Planning Protocol.

Background

FERC Order No. 1920, issued May 13, 2024, requires transmission providers to develop and implement a regional transmission planning process that includes Long-Term Regional Transmission Planning (“LTRTP”).¹ The Commission set an extended deadline of December 12, 2025 for PJM and the PJM TOs to file their proposed tariff changes to comply with Order No. 1920’s planning requirements.² On that day, PJM filed its proposed LTRTP Protocol to comply with Order No. 1920’s long term planning requirements in Docket No. ER26-751. The same day, the PJM TOs filed their proposed tariff changes to comply with Order No. 1920’s requirements for local planning and for right-size replacement facilities in Docket No. ER26-744.

Order No. 1920 further requires transmission providers “to revise their OATTs to include one or more Long-Term Regional Transmission Cost Allocation Methods for Long-Term Regional Transmission Facilities that are selected” under LTRTP.³ These must be ex ante regional cost allocation methods and the methodology can apply to one or more selected facilities, or a portfolio of such facilities.⁴ In the PJM region, the Transmission Owners have retained responsibility for transmission rate design and the authority to adopt joint rates.⁵ Therefore, the Transmission Owners are responsible for developing and implementing LTRTP Cost Allocation Methodologies and the necessary tariff changes. The Commission set a separate extended deadline for the PJM TO’s to file their proposed cost allocation six months after PJM’s

¹ *Bldg. for the Future Through Elec. Reg’l Transmission Planning & Cost Allocation*, Order No. 1920, 89 FR 49280 (June 11, 2024), 187 FERC ¶ 61,068 (2024).

² Notice of Extension of Time, Docket No. RM21-17 (Feb. 6, 2025).

³ *Id.* at P 1291.

⁴ *Id.*

⁵ CTOA §§ 7.2, 7.3; Tariff, section 9.1.

proposed planning protocol to accommodate the shared interest of the PJM TOs and the PJM Area Relevant State Entities Committee (“PARSEC”) in having additional time to develop a cost allocation method for Long-Term Regional Transmission Facilities.⁶ The PJM TO’s deadline to file changes to comply with Order No. 1920’s cost allocation requirements is June 12, 2026.⁷ Consistent with the obligation set forth in Order No. 1920-A,⁸ the PJM TOs will attach an alternative proposal developed and approved by the PARSEC and any additional material provided by the PARSEC.

Proposed Revisions in the PJM Tariff

To meet their obligation under Order No. 1920 to develop and implement a cost allocation methodology for facilities selected in the LTRTP, the PJM TOs propose a new section (b)(xix) of Schedule 12 of the PJM OATT. The proposed amendment to Schedule 12 is structured to work with the planning process in PJM’s proposed LTRTP Protocol and adds to the Tariff several new definitions some of which are identical to terms defined in the proposed Operating Agreement amendments to implement the LTRTP.

The proposed Schedule 12, section (b)(xix) cost allocation applies to Required Transmission Enhancements that are Regional Facilities⁹ and Necessary Lower Voltage Facilities,¹⁰ as defined in Schedule 12, section (b)(i). The proposed section (b)(xix) identifies the cost allocation rules governing these facilities as an exception to the general cost allocation rules under Schedule 12. Thus, for example, Lower Voltage Facilities included in the LTRTP will continue to be allocated using 100 percent Solution-based DFAX and the cost of facilities with a planning cost under \$5 million will continue to be assigned to the host zone.¹¹

Subsection (A) sets forth the cost allocation methodology for Regional Facilities and Necessary Lower Voltage Facilities included in the LTRTP solely to address Core LT Needs. It provides that 50% of the costs shall be assigned annually in accordance with the Load Ratio Share methodology set forth in Schedule 12, section (b)(1)(A)(1)(a) or (b)(1)(A)(1)(b), as

⁶ Notice of Extension of Time, Docket No. RM21-17 (Oct. 17, 2026).

⁷ *Id.*

⁸ Order 1920-A at P 651.

⁹ Regional Facilities are “(a) are A.C. facilities that operate at or above 500 kV; (b) constitute a single Required Transmission Enhancement comprising two A.C. circuits operating at or above 345 kV and below 500 kV, where both circuits originate from a single substation or switching station at one end and terminate at a single substation or switching station at the other end, regardless of whether or not the two circuits are routed in the same right-of-way (“Double-circuit 345 kV Required Transmission Enhancement”); (c) are A.C. or D.C. shunt reactive resources (such as capacitors, static var compensators, static synchronous condenser (STATCON), synchronous condensers, inductors, other shunt devices, or their equivalent) connected to a Transmission Facility described in clause (a) or (b) of this subsection, or (d) are D.C. facilities meeting the criteria set forth in subsection (b)(i)(D).” PJM Tariff, Schedule 12, section (b)(i).

¹⁰ Necessary Lower Voltage Facilities are “new A.C. Transmission Facilities or expansions or enhancements to existing Transmission Facilities that operate below 500 kV (or 345 kV in the case of a Regional Facility described in clause (1)(b) of this subsection) or new D.C. Transmission Facilities that do not meet the criteria of subsection (b)(i)(D) that must be constructed or strengthened to support new Regional Facilities, based on the planning criteria used by the Transmission Provider in developing the applicable Regional Transmission Expansion Plan.” PJM Tariff, Schedule 12, section (b)(i).

¹¹ *See, e.g.*, Schedule 12, sections (b)(ii)-(vii).

applicable. It provides that the other 50% of the costs shall be assigned annually in accordance with the Solution-based DFAX methodology set forth in Schedule 12, section (b)(iii).

Subsection (B) sets forth the cost allocation methodology for Regional Facilities and Necessary Lower Voltage Facilities included in the LTRTP solely to address Additional LT Needs. It provides that 15% of the costs shall be assigned annually in accordance with the Load Ratio Share methodology set forth in Schedule 12, section (b)(1)(A)(1)(a) or (b)(1)(A)(1)(b), as applicable. It provides that the remaining 85% of the costs shall be assigned annually in accordance with the Solution-based DFAX methodology set forth in Schedule 12, section (b)(iii).

Subsection (C) sets forth the cost allocation methodology for Regional Facilities and Necessary Lower Voltage Facilities included in the LTRTP to address both Core LT Needs and Additional LT Needs. It provides that the costs of facilities that would be required to address only the Core LT Needs addressed by such facilities shall be assigned according to the methodology set forth in Subsection (A). Such costs shall be determined by the cost of such facilities included in the Core Plan identified by PJM during the LTRTP planning cycle. Subsection (C) also provides that the cost of the facilities required to address Additional LT Needs shall be assigned according to the methodology set forth in Subsection (B). This cost will be determined as the total cost of the facilities required to address both Core LT Needs and Additional LT Needs less the cost required to address only the Core LT Needs. Such determination will be performed only once, at the time the project is included in the Long-Term Regional Transmission Plan and the resulting percentage will be used to allocate the annual revenue requirement assigned pursuant to section (xix)(A) and (B), respectively.

Other rules under Schedule 12, section (b)(i) governing the application of the section will continue to apply.

Subsection (D) provides for a cost allocation process using a Voluntary Funding Agreement. It sets forth that if a Voluntary Funding Agreement is proposed¹² to fund a Required Transmission Project included in the All-in-One Plan, the Transmission Provider shall submit such agreement to the TOA-AC for consideration and filing.¹³ Furthermore, Subsection (D) provides that it shall not prevent the Transmission Provider or parties to such a Voluntary Funding Agreement from filing such a proposed assignment of costs pursuant to section 206 of the Federal Power Act. If the Commission approves, such assignment of costs under such Voluntary Funding Agreement shall supersede any such assignment pursuant to Subsection (B) or Subsection (C)(2), as applicable.

Subsection (E) provides a process to implement the results of a State Agreement Process to assign cost responsibility for Additional Needs, if the RSEs adopt a State Agreement Process. It sets forth that if, within six months following the approval of an LTRTP, the RSEs propose a State Cost Assignment Agreement pursuant to their State Agreement Process to assign such costs of a Required Transmission Enhancement and provides it to the Transmission Provider, then the Transmission Provider shall submit such State Cost Assignment Agreement to the TOA-AC for consideration and filing. Furthermore, Subsection (E) provides that it shall not prevent the

¹² Pursuant to Operating Agreement, Schedule 6-C, section 114 (Voluntary Funding for Long-Term Transmission Project(s) Addressing Additional LT Needs).

¹³ Pursuant to Consolidated Transmission Owners Agreement, section 7.3 and Tariff, Part I, section 9.1(a).

Transmission Provider or RSEs from filing a proposed assignment of costs for such Required Transmission Enhancements pursuant to section 206 of the Federal Power Act. If the Commission approves, such assignment of costs under the State Cost Assignment Agreement shall supersede any such assignment pursuant to Subsection (B) or Subsection (C)(2), as applicable.

Subsection (F) provides a method to identify Responsible Customers where a Voluntary Funding Agreement under Subsection (D) or State Cost Assignment Agreement under Subsection (E) assigns cost responsibility to certain states within a multi-state zone. It provides that if a Voluntary Funding Agreement's or State Cost Assignment Agreement's proposed assignment of costs is approved by the Commission and such agreement requires the assignment of cost responsibility for a Required Transmission Enhancement to Responsible Customers within the borders of certain states that are part of a multi-state Zone, and neither such agreement nor other agreement approved or accepted by the Commission or the relevant authorities in such states identifies the Responsible Customers in each state, PJM shall identify such Responsible Customers according to the following formula:

$$CS=(ASPL/AZPL) \times CRTE$$

Where:

- CS is the total cost assigned to Responsible Customers within a state or portion thereof that is part of a multi-state Zone
- ASPL is the load of Responsible Customers in a state or portion thereof that is part of a multi-state zone coincident with the annual zonal peak load determined pursuant to section (b)(i)(A)(1)(A)
- AZPL is the zonal peak load determined pursuant to section (b)(i)(A)(1)(A)
- CRTE is the annual revenue requirement of the Required Transmission Enhancement

Subsection (F) further provides that the total cost of a Required Transmission Enhancement assigned to Responsible Customers within a state shall be assigned based on the applicable methodology utilized in such state or Zone. Finally, Subsection (F) provides that nothing in Schedule 12 shall authorize the Transmission Provider to assign the cost of Required Transmission Enhancements to Responsible Customers based on the state in which such Responsible Customers are located, except as provided by Subsection (D) or Subsection (E).¹⁴

Subsection (G) provides for consultation between the TOA-AC and the RSEs regarding proposed amendments to section (b)(xix) of Schedule 12 following the initial compliance filing as required by Order No. 1920-A.¹⁵ It sets forth that the TOA-AC shall consult with the RSEs with respect to any such proposed amendments: (1) no less than 30 days prior to any section 205 filing by the TOA-AC; and (2) no less than 30 days after receipt of a notice addressed to the

¹⁴ Pursuant to section (b)(xix)(D).

¹⁵ Order No. 1920-A at PP 12, 16, 31.

Chair of the TOA-AC that the RSEs have agreed to request the TOA-AC to make a section 205 filing. Subsection (G) also sets forth a requirement to post results of any such consultation on the PJM website. It provides that if the TOA-AC initiated the consultation, it shall post the results of the consultation prior to filing the proposed amendment. It provides that if the RSEs initiated the consultation and the TOA-AC declined to file the proposed amendment, the TOA-AC shall post the results including an explanation for why the TOA-AC declined the proposal. Finally, Subsection (G) provides that it shall not prevent the Transmission Provider or RSEs from filing a proposed assignment of costs for such Required Transmission Enhancement pursuant to section 206 of the Federal Power Act.

Finally, the Transmission Owners propose to add definitions to the Tariff for several terms, which are used in section (b)(xix) of Schedule 12. The definitions for All-in-One Plan, Long-Term Regional Transmission Plan, Core Plan, Relevant States Entities Committee, and Voluntary Funding Entity refer back to the proposed Operating Agreement definitions. The definitions of Voluntary Funding Agreement, State Cost Assignment Agreement, and Additional LT Needs Costs refer to their use in Schedule 12, section (b)(xix).

Stakeholder Process/Upcoming Meeting

Attachment A contains a copy of the proposed Schedule 12, section (b)(xix) and the definitions to be added to the PJM Tariff. The PJM TOs propose that the Tariff provision becomes effective on June 12, 2027, or such other effective date that the Commission accepts for PJM's Long-Term Regional Transmission Plan.

The TOA-AC will vote on the Proposed Revision at a special meeting to be held after the comment deadline. Consistent with the FERC's October 17, 2025 order, the PJM TOs' filing to comply with the requirements is due on June 12, 2026.¹⁶

Written comments on the PJM TOs' proposal may be submitted for consideration by email to: Comments_For_Transmission_Owners@stepto.com on or before Wednesday, May 27, 2026.

¹⁶ Notice of Extension of Time, Docket No. RM21-17 (Oct. 17, 2026).

Attachment A

Proposed Revision to PJM Tariff, Schedule 12 to Implement Order No. 1920 Long-Term Regional Transmission Planning Cost Allocation

Proposed Schedule 12, section (b)(xix)

(xix) Regional Facilities and Necessary Lower Voltage Facilities Included in the Long-Term Regional Transmission Plan. The assignment of cost responsibility for Required Transmission Enhancements included in the Long-Term Regional Transmission Plan shall be governed by section (b) of this Schedule 12, as applicable, except as set forth in this section (b)(xix):

(A) Cost responsibility for all Regional Facilities and Necessary Lower Voltage Facilities included in the Long-Term Regional Transmission Plan solely to address Core LT Needs shall be allocated among Responsible Customers as defined in this Schedule 12 as follows:

(1) Fifty percent (50%) shall be assigned annually in accordance with section (b)(1)(A)(1)(a) or (b)(1)(A)(1)(b) of this Schedule 12, as applicable, and

(2) Fifty percent (50%) shall be assigned in accordance with section (b)(iii) of this Schedule 12.

(B) Cost responsibility for all Regional Facilities and Necessary Lower Voltage Facilities included in the Long-Term Regional Transmission Plan solely to address Additional LT Needs shall be allocated among Responsible Customers as defined in this Schedule 12 as follows:

(1) Fifteen percent (15%) shall be assigned annually in accordance with section (b)(1)(A)(1)(a) or (b)(1)(A)(1)(b) of this Schedule 12, as applicable, and

(2) Eighty five percent (85%) shall be assigned in accordance with section (b)(iii) of this Schedule 12.

(C) Cost responsibility for a Required Transmission Enhancement that is a Regional Facility or a Necessary Lower Voltage Facility included in the Long-Term Regional Transmission Plan to address both Core LT Needs and Additional LT Needs shall be assigned to Responsible Customers as defined in this Schedule 12 as follows:

(1) The costs of facilities that would be required to address only the Core LT Needs addressed by such Required Transmission Enhancement shall be assigned in accordance with section (xix)(A). The cost of facilities that would be required to address only the Core LT Needs addressed by such Required Transmission Enhancement shall be determined by the cost of such facilities included in the Core Plan; and

(2) The cost of the facilities required to address the Additional LT Needs addressed by such Required Transmission Enhancement shall be assigned in accordance with section (xix)(B). The cost of the facilities required to address the Additional LT Needs addressed by such Required Transmission Enhancement shall be determined at the time the PJM Board approves such Required Transmission Enhancement for inclusion in the Long-Term Regional Transmission Plan pursuant to Operating Agreement, Schedule 6-C, section 1.17(a) by subtracting the cost determined pursuant to section (b)(xix)(C)(1) from the total cost of such Required

Transmission Enhancement. Such determination shall be used to determine the percentage of the annual revenue requirement assigned pursuant to section (b)(xix)(A) and (b)(xix)(B), respectively.

(D) If a Voluntary Funding Entity proposes a Voluntary Funding Agreement pursuant to Operating Agreement, Schedule 6-C, section 114 (Voluntary Funding for Long-Term Transmission Project(s) Addressing Additional LT Needs) to fund a Required Transmission Enhancement included in the All-in-One Plan, the Transmission Provider shall submit such Voluntary Funding Agreement assigning costs to Responsible Customers to the Transmission Owners Agreement Administrative Committee for consideration and filing pursuant to Consolidated Transmission Owners Agreement, section 7.3 and Tariff, Part I, section 9.1(a). Nothing in this section (b)(xix)(E) shall prevent the Transmission Provider or such Voluntary Funding Entity from filing a proposed assignment of costs to Responsible Customers for such Required Transmission Enhancement pursuant to Section 206 of the Federal Power Act. If approved by the Commission, the assignment of costs of such Required Transmission Enhancement to Responsible Customers under such Voluntary Funding Agreement shall supersede any such assignment pursuant to section (b)(xix)(B) or (b)(xix)(C)(2) as applicable.

(E) If within six months following the approval of a Long-Term Regional Transmission Plan, the Relevant State Entities as defined in Order No. 1920, *Bldg. for the Future Through Elec. Reg'l Transmission Planning & Cost Allocation*, Order No. 1920, 89 FR 49280 (June 11, 2024), 187 FERC ¶ 61,068, P 44 (2024), in PJM agree pursuant to a State Agreement Process they have adopted to a State Cost Assignment Agreement to assign Additional Needs LT Costs to Responsible Customers of a Required Transmission Enhancement included in the Long-Term Regional Plan and provide such State Cost Assignment Agreement to the Transmission Provider, the Transmission Provider shall submit such State Cost Assignment Agreement to the Transmission Owners Agreement Administrative Committee for consideration and filing pursuant to Consolidated Transmission Owners Agreement, section 7.3 and Tariff, Part I, section 9.1(a). Nothing in this section (b)(xix)(E) shall prevent the Transmission Provider or the Relevant State Entities from filing a proposed assignment of costs to Responsible Customers for such Additional LT Needs costs pursuant to Section 206 of the Federal Power Act. If approved by the Commission, the assignment of costs of such Required Transmission Enhancement to Responsible Customers under the State Agreement Method shall supersede any such assignment pursuant to section (b)(xix)(B) or (b)(xix)(C)(2) as applicable.

(F) If an agreement under either section (b)(xix)(D) or (b)(xix)(E) is approved by the Commission requiring the assignment of cost responsibility for a Required Transmission Enhancement included in the Long-Term Regional Plan to Responsible Customers within the borders of certain states that are part of a multi-state Zone and neither such agreement nor other agreement approved or accepted by the Commission or the relevant authorities in such states identifies the Responsible Customers in each state, the Transmission Provider shall identify the Responsible Customers according to the following formula:

$$CS=(ASPL/AZPL) \times CRTE$$

Where:

CS is the total cost assigned to Responsible Customers within a state or portion thereof that is part of a multi-state Zone

ASPL is the load of Responsible Customers in a state or portion thereof that is part of a multi-state zone coincident with the annual zonal peak load determined pursuant to section (b)(i)(A)(1)(A)

AZPL is the zonal peak load determined pursuant to section (b)(i)(A)(1)(A)

CRTE is the annual revenue requirement of the Required Transmission Enhancement

The total cost of a Required Transmission Enhancement assigned to Responsible Customers within a state shall be assigned to individual Responsible Customers based on the applicable methodology utilized in such state or Zone to assign costs to Responsible Customers. Nothing in this Schedule 12 shall authorize the Transmission Provider to assign the cost of Required Transmission Enhancements to Responsible Customers based on the state in which such Responsible Customers are located, except as required as a result of an agreement under section (b)(xix)(D) or (b)(xix)(E).

(G) The Transmission Owners Agreement Administrative Committee shall consult with the Relevant State Entities in PJM with respect to any proposed amendments to this section (b)(xix) of Schedule 12 as follows:

(1) No less than 30 days prior to any Section 205 filing by the Transmission Owners Agreement Administrative Committee; and

(2) No less than 30 days after receipt of a notice addressed to the Chair of the Administrative Committee that the Relevant State Entities have agreed to request the Transmission Owners Agreement Administrative Committee to make a Section 205 filing.

Following any consultation under this section (G), the Transmission Owners Agreement Administrative Committee shall post on the PJM Website the results of such consultation with the Relevant State Entities. If the Transmission Owners Agreement Administrative Committee initiated the consultation, such posting shall be made prior to filing their proposed amendment to this section (b)(xix). If the Relevant State Entities initiated the consultation and the Transmission Owners Agreement Administrative Committee declined to file an amendment to this section (b)(xix) pursuant to Section 205, the Transmission Owners Agreement Administrative Committee shall post on the PJM Website the results of such consultation with Relevant State Entities, including an explanation for why it has declined to propose any amendments. Nothing in this section (b)(xix)(G) shall prevent the Transmission Provider or the Relevant State Entities from filing a proposed amendment to this section (b)(xix) pursuant to Section 206 of the Federal Power Act.

Add the following Definitions to the PJM Tariff:

All-in-One Plan shall have the meaning set forth in the Operating Agreement.

Long-Term Regional Transmission Plan shall have the meaning set forth in the Operating Agreement.

Core LT Needs shall have the meaning set forth in the Operating Agreement.

Additional LT Needs shall have the meaning set forth in the Operating Agreement.

Relevant States Entities Committee shall have the meaning set forth in the Operating Agreement.

Voluntary Funding Entity shall have the meaning set forth in the Operating Agreement.

Core Plan shall have the meaning set forth in the Operating Agreement.

Voluntary Funding Agreement or State Cost Assignment Agreement shall mean an agreement among entities legally authorized to enter into such an agreement and submitted to the Transmission Owners Agreement Administrative Committee for filing pursuant to Tariff, Schedule 12, sections (b)(xix)(D) or (b)(xix)(E)

Additional LT Needs Costs shall mean the costs of a Required Transmission Enhancement or the annual revenue requirement of such Required Transmission Enhancement determined pursuant to Tariff, Schedule 12, section xix(B)(2) or (C)(2).