PJM's Compliance Approach to Order 1920 Requirements on Local Transmission Planning Inputs

Emmanuele Bobbio
Principal Economist

TEAC Special Session – Order 1920
May 9, 2025

- Revise the regional planning process to enhance the transparency of local transmission planning process

- Evaluate whether transmission facilities that need replacing can be "right-sized" to more efficiently or cost-effectively address Long-Term Transmission Needs (LT Needs) identified in Long-Term Regional Transmission Planning (LTRTP)

Transparency of Local Transmission Planning Process

- Order 1920 requires Transmission Providers to adopt a process akin to PJM Transmission Owners' (TOs) Att. M-3 process as contained in PJM's Tariff

  – The Order refers to PJM TOs' Att. M-3 process as an example of the process the Commission envisions to enhance transparency

- PJM to coordinate with PJM TOs in regards to references to PJM TOs' Att. M-3 process involving at least three meetings per year, no fewer than 25 days apart, the material posted before the meeting

  – **Assumption Meeting** to review criteria, assumptions, and models

  – **Needs Meeting**: to review identified reliability violations and other transmission needs

  – **Solution Meeting**: to review solutions to the needs from the Needs Meeting

Right-Sizing

- In Order 1920, FERC wants to promote the consideration of right-sizing opportunities to ensure just and reasonable rates [1920-A, P873 and P891]

  – Avoid piecemeal approach to transmission planning

  – Right-sized solutions can address local needs and LT Needs more efficiently or cost effectively than in-kind replacement or another LT solution

- To promote right-sizing, Order 1920 institutes a federal right of first refusal for right-sized solutions in Long-Term Regional Transmission Planning (LTRTP)

- In-kind replacement facility defined as:

    - Replaces an existing facility that the TO has identified as needing replacing

    - Results in no more than an incidental increase in capacity (PJM will apply existing precedent)

    - Located on the same general route or uses/expands existing right-of-way

- Replacement anticipated to be needed over the next 10 years, from the LTRTP cycle start

- In-kind replacement facility at least 200kV and above

- The list is to be provided before the analysis starts (e.g., February of year 2)

- In the LTRTP context, the purpose of "right-sizing" transmission facilities is to modify in-kind replacements to increase transfer capacity more efficiently or cost effectively to meet LT Needs

- A right-sized replacement facility is defined as a facility that:

    – Meets the need to replace the existing facility on the in-kind replacement estimate list and the LT Need at the same time

    – Results in more than an incidental increase in capacity compared to the in-kind replacement (including by incorporating ATTs)

    – Is located in the same general route or uses or expands existing right-of-ways of the existing facility

1. PJM/TOs meet to review LT Needs and in-kind replacement (IKR) needs

2. PJM determines what can be reasonably addressed through right-sizing before the window

   – PJM will discuss its determination with the TEAC

   – Incumbent TOs retain right to address IKR needs that PJM did not identify for right-sizing

3. PJM posts LT Needs

   – PJM will post LT Needs addressed through right sizing (see 2) for informational purposes

   – PJM will post IKR information associated with right-sizing solutions and those solutions

4. PJM considers all solutions received through the window and reviews the entire plan holistically

   – PJM will engage the TOs on right-sizing IKR facilities as necessary before finalizing the plan

   – Any modification to any right-sizing solutions will be discussed with the TEAC