



Maximizing the Benefits of Competition in Order No. 1920 Implementation

J. Arnold Quinn

Senior Vice President Regulatory Policy

Arnie.Quinn@vistracorp.com

July 18, 2025

Order No. 1920 Voluntary Funding Opportunity

- Order No. 1920 allows interconnection customers (and State Entities) to voluntarily fund a long-term transmission facility that does not otherwise meet PJM's project selection criteria
 - Vistra suggests that PJM use this voluntary funding opportunity to create a process that addresses some of the practical challenges of Order No. 1920
 - Similar to some of the elements of SPP's [Consolidated Planning Process](#)
 - SPP is in the late stages of developing this process and their work could expedite development of a PJM proposal
- Not intended to replace Order No. 1920 planning for future loads and resources or the standard interconnection process
 - In the near-term, a voluntary funding opportunity planning process could fill the gaps on transmission necessary to interconnect new resources before Order No. 1920 planning is implemented and transmission is planned and built
 - Over time, Order No. 1920 planning may make the voluntary funding opportunity planning process less necessary but a voluntary funding opportunity may be useful to address unforeseen changes
 - PJM would continue to run the interconnection process. The voluntary funding process would be supplemental but could mitigate the need for a future RRI process

PJM Proposal

- PJM intends to include a Voluntary Funding Opportunity as part of its Additional LT Needs.
 - PJM has indicated that it may independently take actions to address Core LT Needs and seek the support of the states or Project Developers to pursue Additional LT Need through Voluntary Funding Opportunities.
 - States and project developers will have the opportunity to commit to solutions not selected in PJM's Core LT Needs through Additional LT Needs identified by a Voluntary Funding Opportunity and/or state sponsorship.
- PJM's Final Plan is the LTRT Plan that identifies solutions to address Core LT Needs and solutions addressing Additional LT Needs identified by a Voluntary Funding Opportunity and/or state sponsorship.

Goals of a Voluntary Funding Opportunity

- Allow the planning process to incorporate an expression of commercial interest
 - Mitigate the potential to plan transmission for resources that never materialize
- Incorporate the concrete financial benefit of new interconnection capacity into the transmission planning selection process
 - Facilitate development of transmission that would not otherwise be selected in the planning process because value of interconnecting is not covered by Order No. 1920 benefit measures
- Provide access to new interconnection capacity in exchange for a commitment to pay a portion on the cost of the new capacity
 - Enhances the interconnection process in a non-discriminatory manner based on self-identified commercial readiness
 - Interconnection customers will likely pass the cost on to the customers that procure the new resource, so cost allocation will more directly target benefiting customers
 - Mitigates the need for other expedited interconnection processes like RRI that some are concerned strain open access principles

Voluntary Funding Process – Expression of Commercial Interest

- PJM/Developers identify a geographic area with potential interconnection interest
 - Could start with an opportunity for resources to submit non-binding expression of interest with locational specificity
 - Could also use project areas identified in a previous interconnection or transmission planning study area
 - Geographic area may be most relevant to weather-dependent generation. Will need to address potential for less location dependent resources (e.g., new gas-fired resources) will express interest for speculative projects
- PJM publishes the costs, benefits, and selection metrics (e.g., cost-benefit) of the planned transmission and identify interconnection capacity created
 - Will inform potential interconnection customers of the estimated per MW net cost of accessing interconnection capacity
 - Planning process could consider multiple levels of created interconnection capacity to allow right-sizing of the transmission development

Voluntary Funding Process – Voluntary Funding Offers

- Potential interconnection customers bid to gain interconnection access to the transmission capacity
 - Could allow sealed bid offers or simply set a flat “entry fee”
 - If PJM did not use a flat “entry fee”
 - Sealed bid offers could be lower or higher than the average net cost per MW of the new interconnection capacity
 - Even when the net cost per MW is close to zero, interconnection customers may be willing to bid a reasonable amount to gain interconnection access
 - Cumulative offers in excess of the net cost needed to meet the selection criteria could be used to offset costs to other consumers

Voluntary Funding Process – Project Selection and Right Sizing

- PJM develops criteria (e.g., financial strength, total capacity requested) that will be used in conjunction with the bid to select interconnection customer
 - Non-offer criteria would be used to break ties when capacity is over-subscribed
 - Non-offer criteria likely more impactful under a flat “entry fee”
- If interconnection customer bids are sufficient to meet the selection criteria of the planned transmission facilities, then the project would proceed
 - The transmission project could be right-sized (bigger or smaller) based on offers