



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120

IN REPLY PLEASE
REFER TO OUR FILE

December 2, 2025

Via Electronic Mail Only

Ann McCabe, Chair, Independent State Agencies Committee (ISAC)

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Dear Chair McCabe:

On behalf of the Pennsylvania Public Utility Commission (PaPUC), this letter is an assessment to the leadership of the Independent State Agencies Committee (ISAC) pursuant to Sections II.2.(b) and (c) of the ISAC Charter, which permits members of the Organization of PJM States, Inc. (OPSI), such as the PaPUC, to provide an assessment regarding Public Policy Requirements and/or Public Policy Objectives provided to PJM for consideration in PJM's Office of the Interconnection's transmission planning and analysis inputs. The PaPUC's assessment is provided regarding the Public Policy Requirements and Public Policy Objectives in the PJM Workbook that PaPUC anticipates that ISAC will provide to PJM.

This workbook was originally drafted with tabs for various policy areas by PJM and then provided to OPSI. PJM then requested feedback from the state commission OPSI members, and it was determined that ISAC would be a suitable vehicle for gathering and submitting feedback to PJM on the workbook. Pursuant to Section II.2(b), the ISAC Charter allows OPSI members to individually or collectively identify and provide ISAC with a statement of Public Policy Requirements, and/or Public Policy Objectives, to provide to PJM for consideration in PJM's Office of the Interconnection's transmission planning and analysis inputs.

PaPUC Staff has provided feedback and edits to the workbook as requested by PJM, in an effort to be responsive to PJM in verifying the accuracy of the information provided by PJM or encompassed by PJM's draft workbook. Any incorporation of Public Policy Objectives and Public Policy Requirements into PJM's transmission planning process should be in accordance with the FERC-approved governing documents and FERC-approved cost-allocation parameters, including the State Agreement Approach. While section 1.5.4(c) of the PJM Operating Agreement provides that PJM should solicit information related to state policies for inclusion in the RTEP, and the ISAC Charter provides a mechanism for collection of that information, the ISAC Charter also provides the opportunity for states to comment on how the costs of the resulting solutions to the public policy transmission needs should be allocated.

The PaPUC believes that transmission solutions for public policies which seek a generation mix that significantly diverges from developing a reliable system at least cost are not appropriately cost allocated through PJM's formula cost allocation mechanisms for reliability projects. The State Agreement Approach is a more appropriate mechanism to use for such "transmission expansion[s] or enhancement[s] that addresses state Public Policy Requirements identified or accepted by the state(s) in the PJM Region," which are planned through the State Agreement Approach either as Supplemental Projects or "state public policy projects." The section of PJM's Operating Agreement governing the State Agreement Approach requires that:

All costs related to a state public policy project or Supplemental Project included in the Regional Transmission Expansion Plan to address state Public Policy Requirements pursuant to this Section shall be recovered from customers in a state(s) in the PJM Region that agrees to be responsible for the projects. No such costs shall be recovered from customers in a state that did not agree to be responsible for such cost allocation.

The PaPUC and its Staff nevertheless appreciate PJM's request for feedback and look forward to continued engagement on transmission planning.

Sincerely,

/s/ Elizabeth H. Barnes

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