



FERC Show Cause Order (Docket No. EL24-26-000)

IPS Meeting
June 21, 2024

Vicki Karandrikas, Assistant General Counsel
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On December 20, 2023, FERC issued an order establishing a section 206 show cause proceeding:

- This order arises out of a proceeding involving PJM's filing of the unexecuted ISA and ICSA for Queue No. AC1-190 per the Interconnection Customer's request in 2022.
- An issue in dispute was whether the Transmission Owner (TO) or Interconnection Customer (IC) was responsible for obtaining one additional acre beyond the project's Site to accommodate the expansion of the existing substation to which the AC1-190 project will interconnect. The TO identified the need for additional land during the Facilities Study.
- The pro forma ICSA is silent on this issue. The TO and IC each believed the other should be responsible.

FERC's December 20 Order:

Explain why pro forma ICSA is just and reasonable, not unduly discriminatory or preferential; or describe Tariff changes that would address FERC's concerns

or

Propose Tariff revisions to address FERC's concerns in the order

Tariff Requirements for Cycle Process Site Control

Site Control is evidence provided by the Project Developer to Transmission Provider in relation to Project Developer's New Service Request demonstrating Project Developer's interest in, control over, and right to utilize the Site for the purpose of constructing a:

- Generating Facility
- Merchant Transmission Facilities
- Interconnection Facilities
- Transmission Owner's Interconnection Facilities
- and/or Network Upgrades at the Point of Interconnection.

Proof of Site Control can be in the form of one of the following:

1. Deed;
2. Lease;
3. Option to lease or purchase; or
4. As deemed acceptable by the Transmission Provider, any other contractual or legal right to possess, occupy and control the Site

Conveyance

is demonstrated through evidence submitted by the Project Developer that **conveys the Site to the Project Developer** (e.g., a deed or lease) or guarantees the Project Developer the right to future conveyance at Project Developer's sole discretion (e.g., an option to lease or option to purchase). A Memorandum of Understanding (MOU) or a Letter of Intent (LOI) is not sufficient to demonstrate conveyance

Term

is the **minimum duration required to evidence Site Control**, and the requirements for term are established at various points within a Cycle. The term requirement cannot be satisfied by an agreement with extensions with an initial term shorter than the required term for a particular point within a Cycle, unless those extensions have been exercised and any requisite conditions fulfilled, including payment obligations. See the "Site Control Term Requirements" table in this section for requirements.

Exclusivity

is evidenced by written acknowledgement from the land owner of the identified Site that, for the term the Project Developer has **exclusive use of the Site for the purpose identified** in the relevant New Service Request. The land owner cannot make the identified Site property available for purchase or lease to anyone other than the Project Developer for any purpose or use that will interfere with the rights granted to the Project Developer

Site Control Term

| | | Generating Facility | Interconnection Facility | Interconnection Switchyard |
|--|---------|---|---|---|
| Submission 1 Application Phase | Full | 100% Deed Lease Option <i>(See Note 1)</i> | <i>Not Required</i> | <i>Not Required</i> |
| Term Requirement | | 1 year from Application Deadline | | |
| Submission 2 Decision Point 1 <i>(See Note 2)</i> | Partial | 100% Deed Lease Option | 50% Deed Lease Option Right-of-Way | 50% Deed Lease Option |
| Term Requirement | | 1 year from last day of Phase 1 | | |
| Submission 3 Decision Point 3 <i>(See Note 3)</i> | Full | 100% Deed Lease Option | 100% Deed Lease Option Right-of-Way | 100% Deed Lease Option <i>(See Note 4)</i> |
| Term Requirement | | Additional 1 year from last day of Phase 3 (for Transition Cycles #1 and #2) Additional 3 years from last day of Phase 3 (for new Cycle) | | |

= 100% Site Control Required
 = 50% Site Control Required

Planned Land Rights

demonstrated at initial application and subsequent Decision Points

Basic building blocks of a project are known at the time of application. Project Developer acquires and demonstrates control in accordance with the tariff requirements.

- Generating Facility, Interconnection Facilities to the Point of Interconnection, Interconnection Switchyard

Unplanned Land Rights

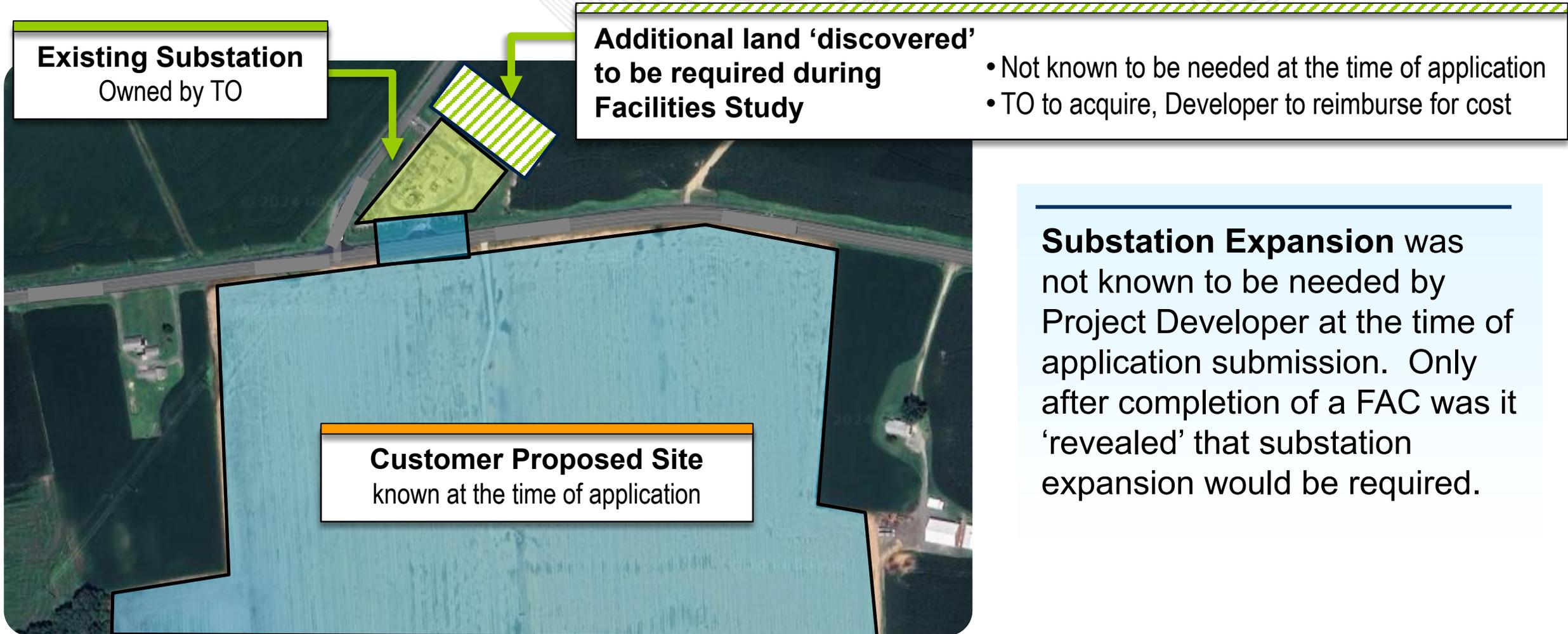
TO acquires required land, Project Developer pays as part of project costs

EXAMPLES:

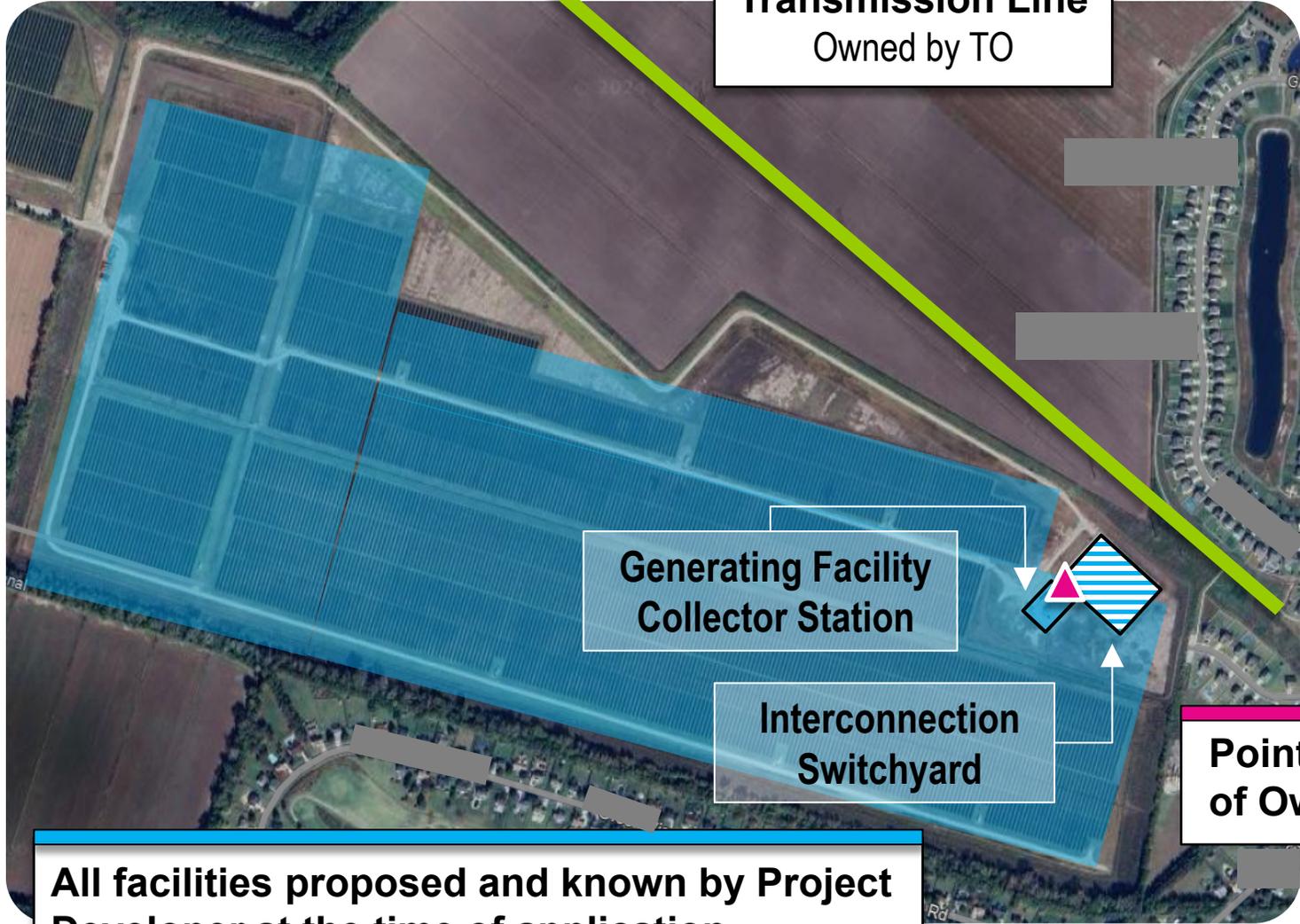
- Substation expansion identified during FAC development
- Analysis reveals an overload requires rebuilding a transmission line, TO FAC for that network upgrade reveals additional land required for construction of upgraded facility

- 1 Land that is known to be needed at the time of application submission:
Project Developer is responsible to acquire and establish site control
- 2 If, during the Facilities Study, TO determines that additional land is now required for a project:
 - **TO** is responsible for acquiring; however, the TO and PD will have the option to negotiate an alternative arrangement
 - **Project Developer** would reimburse TO for land costs and related as part of the parties' agreement
- 3 This proposal would apply on a going-forward basis (i.e., projects under the new interconnection process rules without signed agreements)

Direct Connect into Existing Substation



Cut Existing Transmission Line



Existing Transmission Line
Owned by TO

Project Developer responsible for acquiring all land in blue

Interconnection Switchyard land acquired by Project Developer and deeded to Transmission Owner before Construction commences

Point of Change of Ownership ▲

All facilities proposed and known by Project Developer at the time of application

- PJM is identifying impacted Tariff sections and preparing language changes.
- PJM is also evaluating whether any Manual updates are necessary.

Presenters:

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