

**ALTERNATIVE MOTION on COST CONTAINMENT POLICY– ITEM 2a –
PJM MRC - JANUARY 25, 2018**

****REQUEST THAT STAKEHOLDERS VOTE AGAINST THE PJM COST CONTAINMENT POLICY IN ITEM 2A– IN BOTH THE OPERATING AGREEMENT TARIFF LANGUAGE CHANGE AND BUSINESS PRACTICE MANUAL- AND INSTEAD, SUPPORT THE ALTERNATIVE MOTION****

ALTERNATIVE MOTION:

A) ALTERNATIVE MOTION CONTAINS OA TARIFF LANGUAGE CHANGE – A REDLINE TO PJM’S PROPOSAL IS ATTACHED. MOTION TO APPROVE ALTERNATIVE MOTION OA TARIFF LANGUAGE CHANGE.

B) ALTERNATIVE MOTION DIRECTS PLANNING COMMITTEE TO MODIFY PJM’S PROPOSED BUSINESS PRACTICE MANUAL WITH THE FOLLOWING CHANGES BELOW. THE PURPOSE OF THE BUSINESS PRACTICE MANUAL EDITS IS TO CONFORM THE BPM TO THE OA TARIFF AMENDMENT.

- **Delete** the following sentence from Section 6.2.3 of Business Practice Manual
 - “Cost cap proposals submitted for consideration by PJM as part of a competitive solicitation for any proposal window are to be limited to only those costs associated with bringing the project into service (e.g. construction costs, siting costs and other permitting and testing costs).”
- **Delete** the following bullet point from Section 8.1.3 of Business Practice Manual
 - “PJM’s analysis of cost cap commitment proposals will be limited to an analysis of proposals seeking to cap the costs of bringing the proposed project into service including construction costs, siting costs, and testing costs.”
- **Add** bullet point to Section 8.1.3 of Business Practice Manual to mirror the OA Change
 - “PJM’s analysis of cost commitment proposals shall include the quality and legal enforceability of any voluntarily-submitted cost commitment proposal related to Transmission Facilities which caps project construction costs or revenue requirements either in whole or in part.”
- **Replace** the words “cost cap on project construction costs” listed on page 28 and page 29 with “cost commitment proposal”

C) ALTERNATIVE MOTION ALSO DIRECTS PLANNING COMMITTEE TO:

a. CONSIDER FURTHER ADDRESSING, IN PJM’S PROPOSED BUSINESS PRACTICE MANUAL, THE FOLLOWING ISSUES:

- i. Additional procedures related to evaluation of cost estimates vs. cost caps
- ii. Additional procedures related to evaluation of project construction cost caps
- iii. Additional procedures related to evaluation of revenue requirement

b. DEVELOP DETAILS/PROPOSALS, IF NEEDED, RELATED TO:

- i. Any needed proposal fees related to cost cap evaluation, if needed
- ii. Any needed proposals related to PJM staff continuing to develop the analytical / legal capabilities to assess the quality and legal enforceability of any voluntarily-submitted cost commitment proposal, if needed

