Order 1000 Lessons Learned
Administrative Items

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1. Process administration items
   1. Prequalification
   2. Notification of designation
• Pre-qualification updates -
  – Currently PJM process does not require periodic renewal or confirmation to maintain prequalified status
  – If over time, entities choose to not participate in PJM’s competitive process, PJM would have no basis to remove inactive entities from being pre-qualified under the current OA language
  – PJM is proposing changes to ensure regularly updated information is required for entities that wish to be eligible to be designated, at least once every three years (OA 1.5.8(a)(3))
Proposed changes to OA 1.5.8(a)(3)

(a)(3) In order to continue to pre-qualify as eligible to be a Designated Entity, such entity must confirm its information with the Office of the Interconnection no later than three years following its last submission or sooner if necessary as required below. If an entity was pre-qualified as eligible to be a Designated Entity in the previous year, such entity is not required to re-submit information to pre-qualify with respect to the upcoming year. In the event the information on which the entity’s pre-qualification is based changes with respect to the upcoming year, such entity must submit to the Office of the Interconnection all updated information during the annual thirty-day pre-qualification window and the timeframes for notification in Section 1.5.8(a)(2) of this Schedule 6 shall apply. In the event the information on which the entity’s pre-qualification is based changes with respect to the current year, such entity must submit to the Office of the Interconnection all updated information at the time the information changes and the Office of the Interconnection shall use reasonable efforts to evaluate the updated information and notify the entity of its determination as soon as practicable.
• Notifications and posting requirements –
  – The OA language is unclear that RTEP baseline projects that are upgrades reserved for the Transmission Owner under 1.5.8(l) do not require a DEA and related process steps (OA 1.5.8(j))
  – Ensure alignment with CTOA requirements for requirements for Transmission Owner response to notification of designation (OA 1.5.8(j))
  – Address timing between sequential steps in designation process (OA 1.5.8(i))
Proposing Entity Notifies PJM of its acceptance of designation.

PJM tenders an executable Designated Entity Agreement

Designated Entity returns LoC and DEA

Possibly only 15 days

Within 60 days

Within 15 days

Within 30 days

Within 10 days

PJM Board approval

PJM Notification of Designated Entity Status
PJM Board approval

PJM Notification of Designated Entity Status
Within 15 days

Proposing Entity Notifies PJM of its acceptance of designation.
Within 30 days

PJM tenders an executable Designated Entity Agreement
Within 15 days

Designated Entity returns LoC and DEA
Within 60 days
Implementation

• Proposed changes to OA 1.5.8(i)

(i) Notification of Designated Entity. Within **1540** business days of PJM Board approval of the Regional Transmission Expansion Plan, the Office of the Interconnection shall notify the entities that have been designated as the Designated Entities for projects included in the Regional Transmission Expansion Plan of such designations. In such notices, the Office of the Interconnection shall provide: (i) the needed in-service date of the project; and (ii) a date by which all necessary state approvals should be obtained to timely meet the needed in-service date of the project. The Office of the Interconnection shall use these dates as part of its on-going monitoring of the progress of the project to ensure that the project is completed by its needed in-service date.
Proposed changes to OA 1.5.8(j)

(i) Acceptance of Designation. Except for projects designated under Section 1.5.8(l), within 30 days of receiving notification of its designation as a Designated Entity, the existing Transmission Owner or Nonincumbent Developer shall notify the Office of the Interconnection of its acceptance of such designation and submit to the Office of the Interconnection a development schedule, which shall include, but not be limited to, milestones necessary to develop and construct the project to achieve the required in-service date, including milestone dates for obtaining all necessary authorizations and approvals, including but not limited to, state approvals. For good cause shown, the Office of the Interconnection may extend the deadline for submitting the development schedule. The Office of the Interconnection then shall review the development schedule and within 15 days or other reasonable time as required by the Office of the Interconnection: (i) notify the Designated Entity of any issues regarding the development schedule identified by the Office of the Interconnection that may need to be addressed to ensure that the project meets its needed in-service date; and (ii) tender to the Designated Entity an executable Designated Entity Agreement setting forth the rights and obligations of the parties.

To retain its status as a Designated Entity, within 60 days of receiving an executable Designated Entity Agreement notification of its designation (or other such period as mutually agreed upon by the Office of the Interconnection and the Designated Entity), the Designated Entity (both existing Transmission Owners and Nonincumbent Developers) shall submit to the Office of the Interconnection a letter of credit as determined by the Office of Interconnection to cover the incremental costs of construction resulting from reassignment of the project, and return to the Office of the Interconnection an executed Designated Entity Agreement containing a mutually agreed upon development schedule. In the alternative, the Designated Entity may request dispute resolution pursuant to Schedule 5 of this Agreement, or request that the Designated Entity Agreement be filed unexecuted with the Commission.

For projects designated under Section 1.5.8(l), the Designated Entity shall provide acknowledgement of designation within 90 days of receiving notification from PJM consistent with Section 4.2.2 of the Consolidated Transmission Owners Agreement.
• Questions