Proposal Window Lessons Learned

PJM Planning Committee
September 2, 2014
• At the August PC, PJM Requested input from stakeholders regarding Proposal Windows
• PJM summarized the input and developed a poll to determine which topics were most important to stakeholders
• Poll Opened on 8/22 and closed on 8/28
Results from Poll: Proposal Window Lessons Learned

Number of Votes for each Question:

- Question 7: 25 votes
- Question 19: 15 votes
- Question 25: 10 votes
- Question 11: 9 votes
- Question 16: 8 votes
- Question 15: 7 votes
- Question 20: 6 votes
- Question 10: 5 votes
- Question 21: 4 votes
- Question 23: 3 votes
- Question 28: 2 votes
Polling Topics – Top 11

- 7. Documentation – Problem statement needs to be complete by addressing the metrics to be used in PJM analysis opening.

- 19. Process – Develop a step-by-step process that is consistent with the filed tariffs. Articulate, communicate, and follow the process.

- 25. Process – Significant modifications to an existing proposal to develop the most effective solution should become PJM property and construction responsibility should be defaulted to the incumbent TO as per the defined process in the tariff.

- 11. Documentation – Proposal submission requirements must be more general for 30 day windows vs 120 day windows. Allow for power flow data to show potential solutions work along with high-level cost estimates, high-level environmental analysis, and indicative schedules.

- 16. Process – Consider combining/condensing violations and windows. (Combining the Thermal and Voltage violations into one proposal window, future windows with consideration for how to further combine/reduce number of windows, issue one Near-Term Proposal Window each year containing all the PJM and TO identified planning criteria violations, consider adopting a cluster approach in evaluating project solutions, or the extent allowed under the PJM OA, consider the option of combining two 30-day windows into a single 60-day window.)
Polling Topics – Top 11

• 15. Process – Consider redesign to a two-phase solicitation approach. (Similar to MISO and SPP, revise process where phase 1 allows developers to review violations data and submit potential solutions, TP selects solution and phase 2 allows all developers to compete on that specific solution. Alternatively, proposal windows should be staged – 1st stage solely addresses reliability performance and 2nd stage addresses constructability issues.

• 20. Process – PJM should have all violations posted at the same time. If not, proposals should not be posted until all proposal windows have closed.

• 10. Documentation – AI proposal submissions ranged from 15 pages to 300 pages. I think a template would be ideal to standardize responses and make evaluating simpler for PJM.

• 21. Process – Any proposal that does not solve the posted violation within the required time should be removed from the selection process.

• 23. Process – PJM should develop a process and a means to protect the confidentiality of projects that are proposed for multiple windows within a year.

• 28. Evaluation – It would be nice if there was a set weighting on each of those items. Will Right of Way equate for 50% of the decision, Cost 25%, etc.?
• 38. Evaluation – PJM’s identification of “types” of limiting facilities should be used again for reliability windows and tweaked, if possible, to identify potential operational solutions such as normally open equipment to further reduce the number of issues and subsequent proposals.

• 22. Process – PJM should have all violations available at the same time for the opening and closing of the window without constantly changing the violation listings within a window.

• 39. Tools and Technology – develop/provide tools to developers that will replicate the results of PJM studies such that proposed solutions are meaningful and approximate to what PJM would see when PJM is using its own proprietary optimization tool.

• 3. Communications – Enhance or adopt methods to ensure supporting data and studies are versioned and alerts sent so that the proposal development teams are advised and working on the most current opportunities/violations (limits or avoids wasted effort/resources by proposal teams)

• 6. Documentation – Improve the problem statement by adding specificity, and or more detailed requirements, or including citations of specific PJM documentation to be strictly adhered to in proposals.

• 1. Registration – Registration of qualified personnel to access and to work on proposals

• 2. Communications (Electronic) – tailor Q & A transmittals to a customized list of registered roster individuals (promotes awareness and limits spam).
Polling Topics – Less than 10 votes

- 8. Documentation – the detail and depth of proposals should be considered based upon the duration of the proposal window (a 30 day proposal may not be as robust as a 120 day proposal)

- 13. Documentation – All documents per proposal window should be located in one central location. This includes PC and TEAC notes about the proposal windows.

- 17. Process – Timing of window openings was too ad hoc and needs to be better defined. E.g. The 1 week window opening notice is helpful but when issues are grouped together (e.g. Baseline Thermal with Generator Deliverability) a more extended notice, up to 3 weeks, would make more sense.

- 24. Process – There should be a communication and documented process with the selection of “quick fixes” during a proposal window opening.

- 32. Evaluation – PJM should establish a consistent method of incorporating upgrade costs into greenfield proposals. For example, what is the incumbent’s standard station layout or whether a limiting element is a wavetrap, disconnect, or conductor, etc.?

- 34. Evaluation – PJM should first evaluate the technical merits of project proposals – i.e. whether the proposal represents a robust and effective solution to the technical issues presented - before proceeding to assess the commercial aspects of a proposal. If a proposal does not solve the technical problem identified by PJM in the problem statement, it should not proceed further in the evaluation process.

- 5. Documentation – Identify, quantify and share cost allocation and market efficiency of projects (during final screen)
Polling Topics – Less than 10 votes

- 9. Documentation – Consider how to improve the depth and detail of information (e.g., consider sharing additional factors such as information on overloaded breakers or transformers)

- 14. Process, Documentation and Communication – Consider the future complexity that may result from multiple overlapping windows

- 18. Process – PJM should internally coordinate windows/work requests such that multiple deadlines are not within or near the same timeframe.

- 26. Process – The Significant modifications to an existing project should be well defined in advance to initiate this provision in the tariff and should be transparent to all participants.

- 27. Process – Property Right in Project Submissions. PJM should attach some type of property right or preference to proposals submitted to address the situation where a company entirely or substantially copies a project proposal previously submitted through the project window. The party that originally submitted the project idea should be able to assert the right to build the project proposal based on the prior project submission.

- 29. Evaluation – Identify the root cause to why only 2 out of 26 proposals met the requirements.

- 31. Evaluation – When the proposal window scope is materially revised, rather than PJM adjusting proposals and then subjectively attributing the new project to a proposer, PJM could issue a scope change and request for updated proposals. The updates could be confined solely to the material scope revision, and not include unaffected elements of the original proposal.
4. Communication – Consider how to reframe a
RFP for significant scope changes that require material
changes to the proposals being developed by proposal
teams.

12. Documentation – The PJM templates were
great and should be used again, but the greenfield
constructability template should be tweaked to make it
easier to complete information by replacing the bullet
points with numbering on the subsections.

30. Evaluation – How do we efficiently capture the
cost of a proposed project by also considering another
developer’s capabilities/efficiencies?

33. Evaluation – PJM should use a well-defined
proposal process and have a transparent decision
metric to award solutions based mainly on technical
merit. 1.Evaluation - PJM’s evaluation of project
proposals should incorporate the entire project,
including any end stations, even if not being built by
the company submitting the proposal. This evaluation
should include total cost of the required station work.

35. Evaluation – In evaluating costs, PJM should not just
look at the immediate project cost but also should consider
project life cycle costs.

36. Evaluation – Unless PJM develops the expertise in
house, all project proposals, not just market efficiency
projects, should be evaluated by an independent cost
consultant. Due to substantial variation in practices as to
what level of Risk and Contingency gets included the
independent cost consultant will help to establish a
standardized and consistent way of evaluating the efficacy of
cost estimates being provided.

37. Evaluation – Qualification Criteria for Third Party
Environmental Consultants. We recommend that PJM adopt
qualification criteria that includes: Experience with the NEPA
process, submarine and waterway sitings; siting projects on
wetlands; and siting projects involving review by the
Department of the Interior. Experience should be
demonstrated with the state or states in which the projects
are proposed. Such experience should be documented.
• Access to substation data

• Secure file transfer
• Are these the right priorities?

• Do you see any dependencies/interdependencies among the top 5 priorities?

• Progress will be reported at future PC meetings
Questions?

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