AEP comments on LSP Templates Submitted to PJM on 03/26/18

AEP appreciates the opportunity to provide comments on the Analytical Framework Templates that LS Power has posted with the meeting material for the Planning Committee Special Sessions on Consideration of Cost Commitment for Evaluation of Competitive Transmission Proposals. Please note that our competitive transmission affiliate, Transource, has already presented to PJM and its stakeholders on the broader concerns with the LS Power proposal and those concerns are not being repeated in this submittal. Instead, these comments focus on the templates themselves.

General Comments:

- AEP does not agree with the development of narrowly defined templates that only consider one aspect of the overall project evaluation process.

- PJM should develop its own competitive project evaluation methodology and templates. The evaluation process and templates developed by one party that is a participant in the competitive proposal window process should not be accepted or approved by PJM or the PJM stakeholders for incorporation in the governance of the PJM competitive planning process.

- The templates are too rigid and do not appropriately allow PJM to exercise its discretion and judgement that will be required to evaluate the submitted proposals which address the unique attributes of specific problem statements or the capabilities of the developers.

- These templates do not prove the approach they represent can be executed and completed within the timeframes of the PJM competitive proposal windows and RTEP timelines.

- The templates will require that developers devote a significant amount of time, effort and resources to providing the specified information for each of their proposals. This will take resources away from finding the best solutions, which is after all the primary goal of the PJM sponsorship model.

- The templates require significant analysis to fill out, in some cases, just one cell. What at first glance looks simple may in really be very complicated.

Specific Comments:

- The templates should not be required if no cost containment is proposed. Requiring that these forms be completed flies in the face of cost caps/containment being “voluntary”.

Page 1 of 2
• The templates should not suggest that cost estimates are different than cost caps. Every project requires cost estimates. Cost caps/containment provisions are more appropriately referred to as not-to-exceed cost estimates or capped cost estimates.

• It’s not necessary or appropriate to include in the main motion, or any alternate motions that may be developed through this stakeholder effort, a narrowly defined matrix/method to evaluate the proposals. It is the role and responsibility of PJM to develop, as needed, an independent evaluation method that includes and appropriately weighs all proposal considerations; technical, feasibility, constructability, and risks.

• There’s a seemingly arbitrary cutoff of four proposal finalists.

• There is no apparent room in these templates to consider the technical merits/benefits of proposals, other than if the project meets the problem statement. PJM should have the flexibility and discretion to consider the extent to which the relative performance of competing proposals meets or exceeds the problem statement. PJM should be able to consider additional criteria, including but not limited to, the developer’s risk profile, project constructability, adherence to design standards, and operation and maintenance capabilities, when making its project selection decisions.

• The PJM evaluation methodology should contain an assessment of the project’s risks, the developer’s acceptance of those risks and how that risk acceptance may impact the ability of the developer to execute and complete the project.