Comments from a non-binding poll on the Design Component Options developed in the Special Planning Committee – Consideration of Cost Commitment for Evaluation of Competitive Transmission Proposals. All asterisks are redacted names of responding members. All numbers after comment in parenthesis indicates the number of similar responses.

1. How do you prefer PJM communicate proposal details and the outcome of proposal evaluations?
   a. Need more details/information (6)
   b. Posting of templates should be real-time and posted in a manner where material can influence the TEAC discussion. It should be prior to TEAC and Board action. (5)
   c. We can support a certain level of information disclosure but cannot support public disclosure of competitive project details, especially for non-selected projects.
   d. All disclosures should be subject to CEII etc. Standardization is needed to allow both TOs and Merchants to offer the same product for comparison.
   e. Any disclosure should provide greater transparency and information to parties not actively submitting proposals, including consumer advocate offices and state commissions.
   f. Bifurcated level of disclosure should provide greater transparency and information to parties not actively submitting proposals, including consumer advocate offices and state commissions.

2. How do you prefer PJM handle proposal confidentiality?
   a. Need more information
   b. Redactions should be limited in scope and quantity and the terms and conditions of any winning proposal must be included in the DEA. (2)
   c. The terms and conditions need to be included in the DEA. Also terms and conditions of competing cost containment proposals should be compared against each other and posted. (3)
   d. We do not support public disclosure proposal specifics which undermines developers competitive advantage in engineering/design
   e. Stakeholder approved should be required before cost containments are put into a DEA. LS templates are too complicated. Redacted requirements should still allow standard questions.
   f. Re: Redaction requirements per modified Manual 14F plus revised PJM submittal templates to include explicit questions on cost commitment. PJM would also update its tariff.
   g. While ** supports the disclosure of cost containment terms and conditions by developers, we do not support the use of templates as proposed by LS Power, and reject the full disclosure of project submittals.
   h. Regarding disclosure, we support transparency. However, certain cost components may be proprietary.
   i. All these mandatory transparency requirements will create issues with potentially more expensive alternatives that are selected for resiliency reasons.
   j. ** supports making public the evaluation and selection process including losing bids. However, we continue to have concerns and need more time to evaluate LS Power Template 4.
   k. Stakeholders need to be able to help PJM evaluate cost containment provisions before PJM decisions are made.
   l. T&Cs should be posted for comparison purposes
   m. We do not support using LS Power Template#4 in the comparison. We would support PJM developing a process to display the T&C’s of the different proposals. Also, redaction guidelines need to be followed and prevent proposers from masking their entire proposal.

3. What is your preferred evaluation method for analysis of cost commitment?
a. We do not support the quantitative approach to cost containment evaluations. Rate making should be settled at FERC and we do not have faith that cost containment proposals deliberated at PJM will have the legal weight to be adopted at FERC.

b. Re: Quantitative approach using the current (or amended) PJM templates. PJM template has qualitative approach.

c. ** would support some form of qualitative evaluation of cost commitment mechanisms, as long as the evaluation considered cost commitment as one factor among many evaluation criteria in selecting a project.

d. Many questions here don't provide sufficient detail (quantitative approach amending PJM template), we need to see specifics.

e. ** agrees that PJM should retain the ability to select the project base on all relevant factors, with cost being one component. ** also agrees that rationale on evaluation process and resulting decision should be explained and reviewed at TEAC and stakeholders should be given opportunity to provide feedback. Additionally ** may be able to support PJM providing an end-of-RTEP cycle comparative summary table (including performance, constructability, cost and cost commitment). However, ** does not support the 4 LS Power Analytical Framework Templates. Rather, it supports a consensus-based approach to development of templates within an appropriate PJM stakeholder process. With respect to adding a clarifying statement to M14F, it does not seem overly realistic that two or more different proposals would ever, in reality, be "equal in all respects."

f. Need more details for the "may be able to support" items before making definitive decision.

g. Equal in all respects needs to be better defined, and depends on what we define as a firm cost commitment on construction costs.

4. What is your preferred method to assess cost commitment exceptions
   a. Independent reviews (4)
   b. We support a qualitative inclusion of cost containment provisions, limited to construction costs.
   c. As ROE and Cap structures are decided at FERC, cost containment can not include these items.
   d. Standardized language or frameworks for exclusions are not appropriate for defining the limits of cost commitments to be made by developers on 40+ year assets. Caps on rate components such as ROE and capital structure can only be approved by FERC - not by PJM or PJM stakeholders - and are therefore not appropriately "provided by market participants and evaluated by PJM."
   e. Regarding the last question, PJM should provide its estimate to stakeholders. However, a cap is a cap and should not be adjusted if it is in a range of reasonableness.
   f. PJM needs to include the likelihood that the two entities providing caps are equally financially capable of managing the $$$ risk that those caps impose on the proposer.
   g. Although it depends on the precise nature of the cost cap, *** supports some standardization.
   h. Need more details for the "may be able to support" items before making definitive decision.
   i. Any adjustments should be transparent.

5. What is your preferred method for evaluation of total project cost, and risk of actual cost exceeding the independent PJM estimate?
   a. Cost containment reviews need to be based on PJM review of legal language, not PJM reasonableness standards. (3)
   b. More info needed (2)
   c. ROE and Cap Structures should be excluded from cost containment.
d. ** does not and has never understood the notion of comparing a cost cap with a cost estimate. Evaluation of a cost cap should be based on the entity’s ability to develop and construct the project on schedule, given the particular risks of the project, rather than simply the length of time and financial strength of the entity. Such evaluation should not be standardized, but should incorporate discretion and reflect an understanding of the project-specific risks and the experience of the entity. It may make sense to limit such an evaluation to a sub-set of finalist proposals (such as four).

e. There should be minimal review and altering of cost containment bid and only in instances when bidder may lack financial strength or project feasibility is extremely unrealistic.

f. Standard force majeure language is from yesteryear. Less “outs” are warranted in the age of competitive transmission. Take some of the risk off end-use customers.

6. What is your preferred method for cost containment mechanisms (capping components) evaluated by PJM?

   a. Cost containment evaluation should be limited to areas where PJM has expertise or control. PJM is not equipped to evaluate components of FERC ratemaking. We are also concerned that excessive cost containment undermines the sponsorship model.

   b. Continued evaluation must be conducted regarding the market conditions for the use of O&M caps. If multiple proposers offer short-term (5 or fewer years) O&M caps for a project, PJM should evaluate those proposals.

   c. Whether a cost cap or cost commitment (these are often used interchangeably) is proposed, it should be evaluated by PJM only for non-rate components; i.e., project construction costs. FERC is the only entity with jurisdiction to approve rates.

   d. Need more details for the “may be able to support” items before making definitive decision.

   e. There needs to be a better understanding what effects cost containment has on timelines for other analysis on projects in the ME window

7. Where would you prefer to see the rules documented going forward?

   a. Support Restructuring of PJM website but broader changes are needed. OA Changes are needed as required under Order No. 1000.(2)

   b. Additional or revised PJM templates should provide information in a standardized and accessible manner.

   c. Evaluation of projects submitted under PJM’s sponsorship model cannot and should not be standardized. That said, * supports making information more accessible via restructuring of the PJM webpage, and including additional detail in PJM Manual 14F. To the extent that high-level process changes rise to the level of inclusion in the PJM Operating Agreement, we would support codifying and adding them there. For example, perhaps limiting the cost component of PJM’s evaluation to construction cost (whether or not a cost cap is proposed) is worthy of inclusion in the OA.

   d. OA changes necessary consistent w/Order 1000

   e. Website needs to show cost overruns compared to “original” estimates. OA changes to better implement Order 1000 must occur.

   f. Need more details for the “may be able to support” items before making definitive decision.

8. Do you have any feedback, comments, or ideas around the implementation issues that will need to be resolved pending changes to the status quo?

   a. Keep Sponsorship model (4)

   b. Developers should pay for review of (cost containment) bids (2)
c. We are concerned about PJM's ability to acquire resources necessary to vet quantitative cost containment. At most, cost containment should be a minor consideration that is evaluated qualitatively. We are also concerned that the development of exhaustive cost containment measures undermines the sponsorship model by diverting resources to cost development. We do not feel that DEA language would trump statutory obligations of FERC to set just and reasonable rates. We are not convinced that cost containment proposals would be adopted in the FERC settlement process and thus should not carry significant weight in the PJM selection process.

d. What will be the impact of imposing caps if more resilient projects are selected? Will caps only be considered between the resilient project finalists? How will increased transparency impact posting of details that led to a more resilient project being selected?

e. ** believes that before any change to the status quo is implemented, PJM must perform an overall analysis of impacts to other elements of its process, including, but not limited to, RTEP, RPM, BRA, Interconnection Queue, Sponsorship Model vs Procurement Model, Interregional planning with neighboring RTOs, NERC Standards Implications. Members must be satisfied that implementation issues are addressed and that changes, at a minimum, do no harm to other PJM processes. Although it is relatively easy and attractive to suggest cost capping ROE, revenue requirement and capital structure, as the education sessions to this point have demonstrated, it is far more difficult to actually implement a process that anyone can follow, that PJM can meaningfully interpret, evaluate and, most significantly, that stakeholders can enforce. We have significant concerns recognizing PJM has indicated that it will not be responsible for enforcing cost caps. Absent enforceability, so-called cost caps are meaningless. Moreover, because complex cost cap proposals as presented by LS Power in the Special PC would vary significantly -- with varying cap levels, the number of items being capped, and the number and scope of the "outs" being proposed -- hardwiring simplistic rules or requirements into a complex landscape likely will result in adverse results for ratepayers. Lastly, whatever is implemented should be legally supportable and should not blur the lines between the planning function performed by PJM as one of its core responsibilities and the setting of rates--- one of FERC’s core responsibilities. * remains concerned and opposes bringing the PJM transmission planning process closer to jurisdictional challenges that are problematic at best and legally impermissible at worst.

f. Before any change to the status quo, and given the uncertainties of implementing many of the proposed cost containment provisions or templates, any change to the status quo must be preceded by a thorough analysis of impacts to other elements of the process, including RTEP, RPM, BRA, the Interconnection Queue, the Sponsorship Model vs the Procurement Model, Interregional Planning with neighboring RTOs, and possible NERC Standards. The experience with the Special PC stakeholder group has shown that while cost capping sounds simple, clearly the implementation and evaluation are not as straightforward as presented or even expected. PJM has repeatedly voiced concern with its ability to interpret and enforce cost caps notwithstanding the potential impact to the timing considerations involved in planning the bulk electric system for reliability and resilience. No consideration has been included for potential challenge and litigation resulting from PJM's interpretation—the planning for the reliability and security of the bulk power system should not be held hostage to but one single consideration of the entire planning process, one that more properly is the true bailiwick of the FERC.

g. For any changes to the status quo, there needs to be a better understanding to the implications and effects to what is listed above. For instance if cost caps were expanded to include ROE, what
impact does that have on the RPM, RTEP, etc. cycle. Does it require PJM to start evaluating moving to a procurement model or a hybrid model. We have heard that implementation of some of the proposals can not be done in the current model and within the current timeframe. We would need to understand what this really means. Furthermore, the discussion has moved away from a compromise position that was well vetted in the Special PC for a year, to a discussion on items that benefit a few stakeholders. We feel that there are areas that PJM has highlighted for improvement that could help take smaller steps to ensuring we have the right solution that does not jeopardize the reliability of system.

9. Anything else?
   a. Templates must provide stakeholders with “Useful Transparency” which includes:
      Standardization: Developers will provide certain basic information about any cost caps they offer
      Clarity: Stakeholders will understand what is and is not included in any cost cap proposal and whether a proposal represents a binding cost cap or a cost estimate
      Accessibility: Information is provided in a format that is easy to review and evaluate, especially for stakeholders that may lack the resources of developers and others
   b. Group should focus on specific tariff language and concepts that can be agreed upon by the group. Too many ideas and concepts floating around. First, group should agree on cost containment and that it can benefit customers, then what can/should be contained (e.g., ROE, O&M, construction costs, etc.) and work on tariff language.