RTEP Process Enhancement - Discussion of Various Supplemental and Baseline Overlapping Scenarios

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Baseline and Supplemental Projects Needs

- **Baseline projects** required to be built for reliability, market efficiency, operational performance, or public policy needs

- **Supplemental Projects** required to meet various needs of service required of the Transmission Owners

- Processes must be *integrated* to ensure all system needs are met
Issues from LS Motion at MRC

- Three areas identified in motion
  - Supplemental Projects should be Supplemental Projects
  - Only Supplemental Projects which meet requirements associated with customer service should be allowed to be added to the RTEP after July 31 for the next RTEP year (Restricting projects which can be added to RTEP depending on timing of project identification)
  - Projects which may initially be for refused siting approval should be considered for removal from the RTEP until hearings associated with the siting are completed
Supplemental Projects should be Supplemental Projects

LS Power Position:

1. Supplemental Projects must be consistent with the definition in Operating Agreement (“OA“) [General principles of definition below]
   - Transmission expansion or enhancement that is not required for system reliability, operational performance or economic criteria, and is not a state public policy project

2. If Supplemental Project does not comport with definition then the project cannot be a Supplemental Project
Supplemental Projects should meet definition in OA

- Not required to meet various criteria - many enhancements to the system may not be required for various criteria, but they may provide benefits to that criteria while being required for another need, for example:

However…

Replacing aging infrastructure, as a Supplemental Project, may increase capability of a circuit and increase flow on that circuit. This may prevent future overloads on the circuit as well as overloads on other nearby circuits, which experience reduced loading as a result of the increased flows on the upgraded circuit
In 2017, PJM TOs responded to calls for transparency and developed common designations for project drivers. The intent was to provide more consistency among TOs to facilitate review of information by stakeholders.

Supplemental Project Driver categories were developed to provide stakeholders with additional information:

- Equipment Material Condition, Performance, and Risk
- Operational Flexibility and Efficiency
- Infrastructure Resilience
- Customer Service
- Other Drivers
Supplemental Projects should be Supplemental Projects

- Supplemental Project process incorporates expression of need (2nd meeting of 3 in process) that includes reference to driver category as well as a detailed description of need for each project.

- PJM will monitor Supplemental Projects to validate they are associated with the need expressed.
Restricting projects which can be added to RTEP depending on timing of project identification

• LS Motion proposes to restrict the projects which can be added to the RTEP after July 31 of each year to customer service projects. This would not then recognize other drivers:
  – Complex solution may require several months to design
  – Recognition of a potential failure mechanism in a device or piece of equipment
  – Recognition of a potential safety issue with a device or piece of equipment
Projects Which Initially Receive Refusal for Siting

• Siting refusal not the end for project approval process
  – May receive direction to reapply for multiple reasons
  – Process may allow for appeal
  – Etc.

• If an order is received to deny siting, it must be reviewed
Siting Process and RTEP Baseline and Supplemental Projects

Receive Siting Order

- TO/Developer receives order on project siting application
- Read and consider findings in order

Review Impacts

- PJM reviews impacts associated with projects removal, potential for modification

Decision

- PJM recommends action to stakeholders on path forward for RTEP
Intersection of Baseline and Supplemental Needs

Need may be identified at different points in time for baseline and Supplemental Projects.

Baseline and Supplemental needs are identified that have potential for overlap of solutions.

PJM determines that baseline and supplemental needs intersect.

One solution does not solve both needs (baseline upgrade does not eliminate the need for the Supplemental Project, or vice versa).

Review circumstances associated with all needs. Determine path forward for RTEP.

RTEP Baseline and Supplemental Project progress; no change to RTEP.
Action Items from April 24, 2019
1) Provide additional clarity as to if NERC TPL-001-4 offers any insight as to when “planned facilities” are placed into the planning model and cases.
   - Modeling of facilities which may affect the preparation of the planning assessment is required for PJM to meet compliance requirements. PJM establishes procedures under MOD-032 for steady state system modeling to ensure proper modeling is considered which includes carrying forward to the next RTEP model all elements of the RTEP previously approved by the board, including the Local Plan.

2) Assess whether TPL-001-4 applies only to baseline process or baseline and Supplemental Process.
   - Provisions associated with TPL-001-4 require all modeling which is necessary to represent and/or may affect the planning assessment be represented in the cases. This requires modeling of known baseline, Supplemental Projects, or Network Upgrades
3) Certain stakeholders asserted that FERC may have precedent arising in non-ISO/RTO regions that might allow the regional plan to supersede the local plan and thereby re-shape or perhaps defer/cancel local projects in such jurisdictions. PJM is awaiting receipt of clarification on this item from the stakeholders that raised this issue.

- PJM working to understand position raised during 4/24 Special PC meeting and will continue to follow-up
4) Assess where (when) the Office of the Interconnection may order a project to be built and/or stop a project.

   • PJM has the responsibility and authority to recommend baseline and/or network upgrade projects, and upon approval of the baseline upgrades issue letters designating construction of the required facilities

   • Should process be developed to have transmission owner assume same responsibilities associated with construction for a Supplemental Project as exist for a baseline if a Supplemental Project, which is under construction and/or proceeding, will eliminate a subsequently identified baseline violation

   • The issue of appropriate cost allocation associated with the project is left unresolved
5) PJM will assess whether there are additional scenarios/use cases and provide graphics as necessary to consider the stretching or compression of the Need, Solution, and Construction milestones from one process (RTEP or Supplemental) upon the other and whether the related timing would result in differing outcomes or expectations.

- **Additional Scenarios** require that PJM reviews the individual situation, but can be characterized in relation to previous scenarios presented (see next slide)
Various Scenarios Result in Need to Review

• Scenario above may occur due to the length of time between when violations are posted, a competitive window is opened, and a baseline solution is chosen following analysis of all solutions and review with stakeholders as well as when the baseline solution is required.

• Scenario to the right represents Scenario #2 from 4/24 meeting of Special PC. This is similar to the new scenario above with the identification of the supplemental need after the baseline solution – The Supplemental Project will need to consider the baseline process underway.
6) PJM to clarify where the five categories of Supplemental Projects is documented as well as the source of these categories. PJM will also clarify whether these categories tie in with the NERC Standards. PJM will clarify who has approved these categories.

7) How do you differentiate Operational Performance as a baseline need vs a supplemental need?

- See earlier explanation provided

7) In relation to slide 10 (Scenario 3), describe communications.

- All communications conducted shall meet relevant OA requirements
- Stakeholders will be informed as to the discussions which have/are occurring