Order No. 845 / Order No. 845-A
OPTION TO BUILD

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May 2, 2019 Special PC Meeting
• Modifies *pro forma* LGIA Articles 5.1 (Options), 5.1.3 (Option to Build and 5.1.4 (Negotiated Option) to allow Interconnection Customer (IC) to exercise option to build of transmission owner’s (TO) interconnection facilities and stand alone network upgrades regardless whether TO can meet the IC’s proposed dates (P 85).

• Concerns that such revisions will compromise system reliability are misplaced because they ignore the safeguards in place for the existing option to build in the *pro forma* LGIA at Article 5.2 under which FERC makes no changes (P91).
• Clarified that option to build does not apply to stand alone network upgrades on Affected Systems (P 61)
• FERC revised Article 5.2 to add a placeholder for TP to recover costs of exercising its responsibilities under option to build
• FERC erred by not requiring TP to explain why it does not consider a particular network upgrade to be a stand alone network upgrade. FERC modified the definition of stand alone network upgrade.
• If Transmission Provider and Interconnection Customer disagree about whether a particular Network Upgrade is a Stand Alone Network Upgrade, the Transmission Provider must provide Interconnection Customer a written technical explanation outlining why the Transmission provider does not consider the Network Upgrade to be a Stand Alone Network Upgrade within 15 days of its determination.
• Modify Tariff definition of *Network Upgrades (1) Direct Connection Network Upgrades* to require if TP and IC disagree what is not a stand alone network upgrade TP must provide IC written technical explanation why it does not consider network upgrade to be a stand alone network upgrade.

• Revise Interconnection Construction Service Agreement (ICSA), sections 3.2.2 (Negotiated Contract Option) and 3.2.3.1 (Option) to elect option to build regardless whether TO can meet IC’s proposed milestones.
• Other Revisions:
  – Due to FERC’s reliance on pro forma LGIA, section 5.2 to provide safeguards to protect the TO when an IC exercises the option to build, PJM proposes to:
    • Add section 3.2.3.2(a) to its pro forma ICSA to include the provisions in section 5.2 of the pro forma LGIA and thus ensure the TO is adequately protected under PJM’s option to build process; and
    • To move existing subsections 3.2.3.2 (a) thru (d) to section 3.2.3.2(b).