Proposal Fee Structure Review

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Planning Committee
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• Current Structure
• “Flat Fee” based on proposing entity project cost estimate
• Drivers/need for re-structuring effort

<table>
<thead>
<tr>
<th>Proposal Cost Estimate</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$20M</td>
<td>$0</td>
</tr>
<tr>
<td>$20M-$100M</td>
<td>$5k</td>
</tr>
<tr>
<td>&gt;$100M</td>
<td>$30k</td>
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</tbody>
</table>
Proposed Fee Structure

- **Proposed approach:**
  - Deposit + Actual Study Costs in excess of Deposit
  - Deposit required = Estimated Cost of Proposal is > $1M
    - Non-refundable, due at close of window
    - Applied toward any actual study costs
  - No Deposit required = Estimated Cost of Proposal is \( \leq \$1M \)
  
- **Actual study costs**
  - PJM will track per proposal:
  - Will include: PJM staff labor, Independent Consultant expense
Proposed approach examples:

- **Example #1:**
  - Project sponsor submits a proposal with an estimated cost of $500k.
    - Deposit = $0
    - Actual study costs of $3k are incurred. PJM will invoice the project sponsor for $3k.

- **Example #2:**
  - Project sponsor submits a proposal with an estimated cost of $20M.
    - Deposit = $5k
    - Actual study costs of $3k are incurred and are covered by the non-refundable deposit.

- **Example #2:**
  - Project sponsor submits a proposal with an estimated cost of $10M.
    - Deposit = $5k
    - Actual study costs of $10k are incurred. PJM will invoice the project sponsor for $5k.
Next Steps
• 9/6/2019
  – Original version posted to PJM.com