

Interconnection Reform Proposal of PSEG

ISPTF

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Objectives of Process

- PJM has identified the following goals for interconnection reform:
 - Timely completion of studies
 - Move projects to an ISA more quickly
 - Reduce number of re-tools
 - Provide greater certainty in results
 - Manage changes associated with projects
 - Manage process workload
- PSEG proposal would further above-listed objectives



Elements of Proposal

I. Outsourcing of Facilities Study

- Currently, most Transmission Owners (“TO”) hire third party contractors to perform the Facilities Study
TO → Contractor → Review by TO → Review by PJM
- Time-consuming process with multiple levels of review; developers have limited control over timing of the process
- Facilities Study - longest time frame for completion and highest cost; delays associated with scope (70% confidence level, drawings, L&P issues investigated). Yet, developer may not need this scope

Proposal:

- Developer hires third party to perform Facilities Study
- Prior to commencement of Study, developer, third party contractor, PJM and TO hold a meeting to provide requisite data and confirm study parameters
- Milestones would be imposed on developer in Tariff to ensure that the Study is commenced and completed in a timely fashion as to avoid delaying other projects
- All developers would be required to utilize this process
- Could also provide developer with option of skipping Facilities Study and proceeding directly to ISA/CSA stage

Benefits:

- Places timing of study in control of developer, which makes sense since Facilities Study simply provides a refined cost estimate for the developer
- Developer has incentive to move Facilities Study along
- Satisfies goal of increasing speed of process and getting a study result to the developer more quickly while avoiding pitfalls of “break-away,” which can impact other projects
- Potential cost savings to developer



Elements of Proposal (cont'd)

II. Provision of Data to Developer

- Currently, after Feasibility Study, developer has very limited information regarding other projects in the queue, and has a limited ability to gauge its upgrade exposure

Proposal:

- After receipt of Feasibility Study, PJM would provide to the developer information that would help it make a more informed decision regarding whether to proceed – e.g. facility ratings of interconnected circuits; contribution of other projects to circuit overloads, particularly regarding those projects ahead of it in the queue.

Benefits:

- Developer making better informed decisions at earlier stage in process
- Potentially thinning out queue



Illustration of Data Proposal

Overload # 1

Facility A-E 230kV circuit
 Rating 800MVA
 upgrade cost \$ 30 Million

	MW	Overload 1 DFAX	Overload 1 Impact (in MVA)	Overload 1 Flow (in MVA)	project contributions (in MVA)	cost allocation (\$ Millions)
Base Case		-----	-----	650	0	
Z-1	500	15%	75	725	0	0
Z-7	700	30%	210	935	135	14.2
Z-9	300	50%	150	1085	150	15.8

cost allocation (Z-7) = $135/285 \times 30 = \$ 14.2$ Million

cost allocation (Z-9) = $135/285 \times 30 = \$ 15.8$ Million

Overload #2

Overload #3



Elements of Proposal (cont'd)

III. System Impact Study Parameters

- Currently, System Impact Study (“SIS”) consists of short-circuit, load flow and stability analysis
- Stability analysis - very time consuming; must be done on project-specific basis
- Stability analysis only needs to be performed in limited circumstances where a stability issue on the system is present (e.g. interconnections to 500kV grid at Artificial Island)

Proposal:

- Eliminate stability analysis from SIS except in specifically-defined circumstances
- For most System Impact Studies, there will be no stability analysis performed

Benefits:

- Should shorten length of time for performing SIS
- Should produce cost savings for developer

