

November 14, 2011

Steve Herling  
Pauline Foley  
PJM Interconnection  
955 Jefferson Ave  
Valley Forge Corporate Center  
Norristown, PA 19403-2497

Dear Steve and Pauline,

Earthjustice, The National Audubon Society, Natural Resources Defense Council, Piedmont Environmental Council and The Project for Sustainable FERC Energy Policy, (together, NGOs) appreciate the opportunity to continue engaging with PJM on proposed Schedule 6 changes. We collectively represent tens of thousands of consumers and other stakeholders in the PJM footprint, and have a vital interest in PJM's transmission system planning decisions. We continue to support PJM's transmission planning reform efforts, and we appreciate the edits PJM has made to Schedule 6 since the November 7 RPPTF call. NGOs do remain concerned with some specific language in PJM's most recent draft, as well as with some changes proposed at the November 7, 2011 RPPTF call.

Specifically,

- 1. Section 1.4(a).** NGOs appreciate PJM's deletion of "when appropriate" in front of the phrase "considering Public Policy Requirements" (as well as in several other places in Schedule 6). However, the current placement of the phrase "considering Public Policy Requirements" still risks violating Order 1000's requirements by suggesting that public policy drivers of grid needs are inferior to reliability and economics drivers. The phrase is separated from the listing of reliability and competition drivers, and still follows a "when appropriate" qualification that does not affect the reliability and competition drivers. This separation may be interpreted to mean that public policy drivers do not merit the same level consideration as reliability and competition drivers.

*In order to address these issues*, NGOs suggest that PJM move the clause "considering Public Policy Requirements" to immediately follow "supporting competition in the PJM region."

- 2. Section 1.5.3.** NGOs appreciate PJM's decision not to replace the term "Public Policy Considerations" with "Public Policy Requirements" in this section and elsewhere in Schedule 6, as suggested on the November 7 RPPTF call. NGOs believe such a change would contradict PJM's stated intent to include Public Policy Considerations in sensitivity studies, modeling assumption variations and scenario analyses. We believe it is appropriate to use the term "Public Policy Considerations" (and not "Public Policy Requirements") in all instances in which PJM has proposed to use it.

- 3. Section 1.5.4(g).** In previous comments, NGOs suggested that PJM add a requirement that it will provide notice to all stakeholders, via its web site, of the public policy drivers it considers, those public policy drivers it chooses to act on, and the rationale for not acting on other public policy drivers that are proposed. Paragraph 209 of Order 1000 requires such notice.

*In order to address this issue*, NGOs suggest the addition of the following sentence: “The Office of the Interconnection shall post on the PJM web site an explanation of the transmission needs driven by Public Policy Considerations that it will evaluate for potential solutions and an explanation of why other suggested transmission needs driven by public policies will not be evaluated.”

- 4. AEP’s proposal to insert “transmission” in front of all references to “enhancement or expansion.”** NGOs appreciate PJM’s decision not to incorporate AEP’s suggestion. NGOs oppose this suggestion because it may narrow the scope of Schedule 6 in a manner that directly conflicts with Order 1000’s comparable treatment requirements. Some instances of “enhancement or expansion” may contemplate NTAs or other alternatives to new transmission.
- 5. An FYI to Market approach robust enough to permit stakeholders to evaluate transmission needs related to potential at-risk generation retirements.** NGOs believe that PJM should provide sufficient information to the market far enough in advance to enable market participants to contribute to the cost-effective management of at-risk generation retirements. Although the details about what information will be provided to the market at what intervals do not belong in Schedule 6, we encourage PJM to review the Schedule 6 language to make certain that it supports the development of manual details that ensure PJM’s provision of sufficient information and analysis to the market to enable timely market solutions in response to at-risk unit retirements.

We appreciate your consideration of these comments and are happy to discuss them with you in more detail.

Sincerely,

**Earthjustice**  
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Coal Program Director

**National Audubon Society**  
Ginny Kreidler  
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**Natural Resources Defense Council**  
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