



Developer Qualifications

RPPTF Sub-Group

March 16, 2012

Pre-qualification

Designation

Post-construction



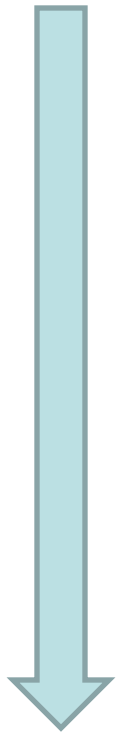
Option 1

What qualifications should be used in the process?

What qualifications are appropriate to test at different points during the process?

Option 2

Are the qualifications to be examined different in Option 1 versus Option 2 versus some intermediate option?



Pre-qualification process:

- Pre-qualification process is needed:
 - Provide assurance of an entity's financial, legal and technical ability to construct, own and maintain the facility
 - Avoid delays in planning process
 - Provides PJM the agility to move quickly should the need arise
 - Provide additional structure for and transparency to the planning process

Pre-qualification process:

- Pre-qualification process is needed
 - Frequency (yearly/quarterly)
- What's included in pre-qualification
 - Current financial condition
 - High-level technical qualification/ownership
 - Legal qualification to construct, operate and maintain line
 - Operational processes established/history/personnel
- Accurate reporting and updating required
 - Frequency – as it occurs or periodic based on frequency
- List the pre-qualified on PJM.com - transparency

Pre-qualification process:

Qualifications for technical expertise:

- Engineering qualifications:
 - licenses, certifications, demonstrated experience
- Operational qualifications:
 - demonstrated experience, PJM certification
- Construction qualifications:
 - demonstrated experience, history of projects
- If construction/operation is bid to third parties:
 - same qualifications of the submitting entity need to be demonstrated
- Project by project or pre-qualification:
 - where does this belong

Qualifications for technical expertise:

Qualifications for finances:

- Build upon established standards from PJM credit rules
- Utilize standard finance measurements:
 - Financial ratios
 - Standard financial statements
 - Credit ratings
- Third party assessment of developer's financial status
 - Auditor report

Qualifications for finances:

Qualifications for legal ability to build

- Developer is a public utility in states in which it intends to build
- Eminent Domain authority

Qualifications for legal ability to build

Qualifications for specific project

- Sign the Transmission Owners Agreement (TOA)
- Sign other agreements when/if necessary (need to determine what they may be)

Qualifications for specific project