

Atlantic Wind Connection

PROPOSED RTEP PROJECT SELECTION PROCESS FOR RPPTF DISCUSSION

March 28th, 2012

ORDER NO. 1000: GUIDING PRINCIPLES

- RTEP must have appropriate qualification criteria for determining eligibility to propose a transmission project for RTEP selection/regional cost allocation. P 323
- The qualification criteria must allow the developer to demonstrate that it has the necessary financial resources and technical expertise to develop, construct, own, operate and maintain the facilities. P 323
- OATT language must identify how proposed projects will be evaluated *including* relative economics and effectiveness of performance. P 315
- Qualification criteria should be fair and not unreasonably stringent and should allow any transmission developer the opportunity to remedy any deficiencies. P 324
- OATT must identify information to be submitted in support of a proposed project. P 325
- The evaluation process must culminate in a determination that is sufficiently detailed for stakeholders to understand why a

particular transmission project was selected or not selected for inclusion in the RTEP and for regional cost allocation. P 328

- Each transmission provider must participate in a planning process that provides any non-incumbent developer an opportunity comparable to that of an incumbent transmission developer to propose a transmission project for inclusion in the PJM RTEP, and to allocate the cost of the accepted project through a regional cost allocation method or methods. P 332
- PJM must have discretion to evaluate projects and make the proper selection subject only to a clear non-discriminatory evaluation process --no bright line tests or “one-size-fits-all.” P 324
- Order No. 1000 does not eliminate ROFRs in all instances but it also does not create any such rights where none exists. All selection criteria must be non-discriminatory. Nothing in the Order precludes an incumbent from building facilities in its service area (particularly for reliability reasons) to the extent it is not seeking regional cost allocation. To the extent that the incumbent believes it must do so because of delays in other proposed projects the incumbent’s project should be evaluated for possible inclusion in the RTEP for regional cost allocation. P 329
- Order No. 1000 requires procedures to be developed for re-evaluation of the regional transmission plan to determine if delays in the development of a transmission facility selected in a regional transmission plan require evaluation of alternative solutions, including (but, presumably not limited to) those proposed by the incumbent transmission provider, to ensure the incumbent transmission provider can meet its reliability needs or service obligations. P 329

- The retention, modification, or transfer of rights-of-way remains subject to relevant law or regulation granting rights-of-way. P 319
- A “beneficiaries pay” cost allocation methodology must be included in the tariff for any project selected to meet transmission need(s) and regional cost allocation. The allocation can be applied to each type of project need (reliability, market efficiency, or public policy project) or among multiple needs where any project meets more than one function or need. P 558-560; P 586; P 690.

RTEP PROJECT SELECTION PROCESS

OVERVIEW: OF SEQUENTIAL STEPS

- **Step One:** The PJM FYI study process and the evaluation of unsolicited proposals submitted from both incumbents and non-incumbents, run in parallel.
- **Step Two:** PJM identifies any unaddressed system needs in excess of those satisfied by project proposals accepted for RTEP inclusion or that are in the process of being evaluated for incorporation into the RTEP, solicits proposals, and identifies evaluation criteria.
- **Step Three:** Incumbents and non-incumbents respond to PJM’s solicitation(s).
- **Step Four:** PJM has discretion to request changes in a particular project or to select one or more

project proposals to better address the identified needs and request that the sponsors work together.

Step One: Unsolicited Project Proposals

- 1. Incumbent and non-incumbent sponsors can continue to propose projects at any time subject to providing the necessary information to demonstrate that the project is sufficiently developed to warrant evaluation.**
- 2. Projects that have applied for RTEP approval and/or have been evaluated (or are in the process of being evaluated) by PJM will be grandfathered from submittal deadlines and shall be entitled to evaluation and decision regarding RTEP inclusion provided, however, that the sponsors will be subject to the financial and technical qualification criteria in order to have their projects selected for inclusion in the RTEP to meet system needs and for regional cost allocation.**
- 3. PJM can put limits on the numbers of proposals to be submitted by one or more affiliated sponsors in any one 12-month or 24-month RTEP cycle.**
- 4. A deadline for satisfying financial and technical qualification criteria and the ability to remedy deficiencies will be set by PJM based on the length of the project lead time, in-service date, and PJM Board approval date for the project.**
- 5. PJM will identify the basic financial and technical information to be submitted with any proposal and provide an opportunity for project sponsors to submit more detailed information identified by PJM at a later time depending on the timing needs and scope of the project. PJM will also provide an opportunity for project sponsors to remedy any perceived deficiencies.**
- 6. Once a project is selected for RTEP inclusion, PJM will establish milestone dates for various activities including demonstration of ability to seek or obtain siting approval, obtain permitting, etc.**
- 7. Qualification is subject to on-going re-evaluation.**

8. The Project Sponsor will be entitled to build, own and operate the project provided it meets PJM's qualification criteria.
9. PJM can request modification of proposed project(s) provided that the basic character of the proposal remains substantially the same.

Step Two:

PJM identifies unsatisfied needs, publishes evaluation criteria, and invites proposals. Thereafter, Tasks 2 through 9 of Step One process are followed.

Step Three:

Incumbents and non-incumbents respond to PJM's solicitation(s). Thereafter Tasks 2 through 9 of Step One process are followed.

Step Four:

PJM may request that one or more project proposals be combined to form one jointly-sponsored project to better meet the identified need(s). Thereafter Tasks 2 through 9 of Step One process are followed.