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Dear Steve, Pauline and Craig:

NGOs appreciate PJM's planning reform initiatives to date, and we value the opportunity to continue working with PJM on Order 1000 compliance. As you know, our groups collectively represent hundreds of thousands of consumers, clean energy supporters and other stakeholders in the PJM footprint that have a vital interest in Order 1000 reforms. We supported PJM's proposed Schedule 6 amendments at FERC, and we have been active in PJM's Order 1000 implementation process through participation in the RPPTF and filing several sets of written comments.

As we await recommendations from the Organization of PJM States (OPSI) on a State Agreement Approach (or another approach to considering projects to address Public Policy Requirement¹ (PPR)-driven needs in the planning process), we thought it would be useful to provide PJM with recommendations on the minimum requirements necessary to satisfy Order 1000's directives on consideration of needs driven by PPRs and procedures for evaluating solution alternatives. These obligations remain without regard to the outcome of OPSI's deliberations.

As you know, Order 1000's process reform requirements direct public utility transmission providers (TPs), including PJM, to have tariff procedures in place that provide for (a) consideration of grid needs driven by PPRs and (b) comparable consideration of transmission and non-transmission solution alternatives to address grid needs, including the process and metrics by which alternative solutions will be evaluated and selected. We have recommendations on both of those requirements.

More specifically,

1. A TP's compliance tariff must include procedures for identifying, in consultation with its stakeholders, regional grid needs driven by PPRs. At a minimum the tariff should specify the following:

- (i) when and how in the TP's regional plan development cycle the TP will solicit stakeholder input on PPR-driven transmission needs for which the evaluation of solutions may be merited;
- (ii) when, how and based on what criteria the TP will select the PPR-driven needs requiring solution evaluations; and

¹ The term 'Public Policy Requirements' is defined in paragraph 2 of Order 1000.

(iii) the timing for posting TP's explanations of its decisions regarding the PPR-driven needs to be evaluated for solutions, and the level of detail to be included in postings so that stakeholders have access to sufficient detail to understand the TP's rationale for choosing some PPR-driven needs and not choosing others.

Recommendations:

Schedule 6 satisfies the first (i) of these requirements, so long as in practice Sections 1.5.4(c) and 1.5.4(d) provide the opportunity for meaningful and timely stakeholder input and not simply a "suggestion box" for comments without related discussion among stakeholders during which stakeholders can make their case for, and have the opportunity to address concerns of PJM about, the inclusion of specific PPR-driven needs in the planning process.

However, we do not think Schedule 6 satisfies Order 1000's minimum obligations with regards to the second (ii) requirement. After the opportunity for input under Section 1.5.4(d), Schedule 6 does not provide for how or based on what criteria PJM will determine which PPR-driven needs suggested by PJM, state regulators or other stakeholders will be evaluated for solutions. Although Section 1.5.4(f) provides for continuing stakeholder input about certain aspects of OI studies and analyses, these do not specifically include PPR-driven needs.

To address this limitation, we recommend that PJM develop a new section in Schedule 6 akin to the existing Section 1.5.7, which provides the specific process and requirement details for the development of economically-driven grid enhancements and expansions. The new section would detail the process the OI will use to determine those PPR-driven needs for which solutions will be evaluated, the criteria to be used in the process, and the opportunities for stakeholders to provide timely and meaningful input into the evaluation process. Not only would this new section likely satisfy Order 1000's PPR-related obligations, it would set up the necessary link between planning and the cost allocation methods that must also be included in the October compliance filing.

Further, we think that Schedule 6 should be explicit, perhaps in this new section, about how it will satisfy the third requirement (iii) above. Section 1.5.4(d) currently states that the range of assumptions to be used in OI studies and analyses "shall be documented and publicly posted for review," but the section does not include provision for how PJM will inform stakeholders about its decisions regarding which PPR-driven needs will be evaluated for solutions and why PPR-driven needs identified by stakeholders (but not selected for evaluation) will not be evaluated.

2. A TP's compliance proposal must contain tariff provisions that delineate procedures for evaluating solution options on a comparable basis, including NTAs, to address grid needs and procedures for selecting among alternative transmission solutions. At a minimum the tariff should specify:

- (i) when and how proposals by stakeholders for transmission facilities to address identified grid needs driven by PPRs will be evaluated;
- (ii) the procedures the TP will follow for responding to stakeholder requests to perform studies that evaluate potential upgrades; and

(iii) the procedures, including the role of regional stakeholders, and metrics the TP will use *to evaluate* solution options, including NTAs, for addressing identified transmission needs on a comparable basis and *to select* among available solution alternatives.

Recommendations:

Section 1.5.1 does not currently require initiation of the RTEP process for PPR-driven needs identified by the OI. Additions to 1.5.1 conditionally approved by the FERC provide that the OI “may” consider initiating the process to consider, “where appropriate, needs or requirements arising from . . . Public Policy Objectives.” However, NGOs believe that if the OI identifies a PPR-driven need it believes should be evaluated for potential solutions, the study process *must* be initiated in order to be consistent with Order 1000 requirements. To capture this suggested modification, PJM could add new language to Section 1.5.1 (ii), or add a new subparagraph (vi) to that section, that addresses PPR-driven needs.

Although Schedule 6 may satisfy the first (i) requirement above, we believe that it does not satisfy the second (ii) and third (iii) requirements. It lacks a description of the procedures that PJM will use to respond to stakeholder study requests, and it does not contain procedures for evaluating solution options (including NTAs). Nor does it delineate the metrics PJM will use for comparing and selecting among solution alternatives. Order 1000 is clear on the need for TPs to delineate the evaluation procedures and metrics to be used for comparing and selecting solution alternatives, so PJM cannot be compliant with Order 1000 without adding details regarding the procedures and metrics.

Respectfully yours,

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On behalf of PJM NGOs

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