

LS POWER COMMENTS TO PJM:

DEFINITION:

1.19a. “~~Non-emergency Long-lead~~ Project” shall mean an enhancement or expansion with an in-service date ~~one or more than two five~~ years from the year in which the Office of the Interconnection identified the need for such enhancement or expansion. Notwithstanding the in-service date, a Non-Emergency Project specifically includes market efficiency, static VAR compensator or similar equipment projects, substation or substation equipment projects, and Public Policy projects.

1.5.8 Development of ~~Non-emergency Long-Lead~~ Projects

(a) The Office of the Interconnection shall determine in a not unduly discriminatory manner which ~~Non-emergency Long-lead~~ Projects will be included in the recommended plan and the entities that will be designated to construct, own, and unless otherwise provided, finance such projects in accordance with this Section 1.5.8. The Office of Interconnection will use all efforts to support the most efficient and cost-effective investment decisions being selected for Non-emergency Projects in a not unduly discriminatory or preferential manner.

The Office of the Interconnection shall establish a qualification process prior to the beginning of each RTEP planning cycle (both the 12-month and 24-month planning cycle), with a reasonable remedy period if an applicant is deemed not qualified for stakeholders wishing to qualify as a Qualified Sponsor for ~~for~~ RTEP assignment of a Non-Emergency Project. Qualification criteria shall apply to both non-incumbents and incumbents as defined under FERC Order 1000.

In making such determination to be a Qualified Sponsor, the Office of the Interconnection shall consider the following criteria: (i) applicant ~~emphases~~ willing and able to comply with Attachment Q of the Tariff; (ii) applicant’s technical and engineering experience; (iii) applicant’s previous record regarding development, construction, and maintenance of transmission facilities both inside and outside of the PJM Region, including contracting experience; (iv) applicant’s capability to adhere to standardized construction, maintenance and operating practices, including contracting; (v) applicant’s ability to assume liability for major losses resulting from failure of facilities, including insurance experience; (vii) willingness to comply with NERC regulations, and (viii) applicant’s experience in acquiring rights of way.

(b) Upon completion of the enhancement and expansion analysis process, as described in this Schedule 6 and the PJM Manuals, the Office of the Interconnection shall post on the PJM website the violations, system conditions, economic constraints, or Public Policy Requirements to be addressed by potential ~~Non-emergency Long-lead~~ Projects.

(c) The Office of the Interconnection shall provide notice to stakeholders of a 120-day window in which the Office of the Interconnection will accept proposals for potential ~~Non-emergency Long-lead~~ Projects ~~from Qualified Sponsors~~ to address the posted violations, system conditions, economic constraints, or Public Policy Requirements ~~[in accordance with the State Agreement Approach]~~. Proposals for ~~Non-emergency Long-lead~~ Projects must contain the following information: (i) name and address of the sponsor; (ii) sponsor's technical and engineering qualifications and experience to construct, maintain, and operate transmission facilities, including a list of transmission facilities the sponsor previously constructed and maintained; (iii) location of proposed ~~Non-emergency Long-lead~~ Project, including source, impedance data, and sink; (iv) relevant engineering studies as described in the PJM Manuals; (v) cost estimates and analyses as described in the PJM Manuals; (vi) the capability for cost containment and other advantages the applicant may have to build the non-Emergency Project, including any binding agreement by the applicant to accept a cost cap and (vii) any additional reports or information the Office of the Interconnection determines are reasonably necessary to evaluate the ~~Non-emergency Long-lead~~ Project proposal pursuant to the criteria set forth in Subsection 1.5.8(e-). ~~or capability for cost containment and other advantages the applicant may have to build the non-Emergency Project, including any binding agreement by the applicant to accept a cost cap. the sponsor's qualifications pursuant to the criteria set forth in Subsection 1.5.8(f).~~ If the Office of the Interconnection determines any of the information provided in a proposal is deficient or requests additional reports or information, sponsor shall provide the necessary information within ~~[40]~~ [10] business days, or other time period as determined by the Office of the Interconnection, of receipt of notification of deficiency and/or request for additional reports or information. Once a proposal is received by the Office of Interconnection, the Office of Interconnection shall establish a Scoping Call for each proposal to ensure that all information in the proposal is appropriately understood [Qualification should come before 120 day period. Someone should not find out after they sponsor that they are not qualified.] [More detail regarding sponsor qualification requirements is being developed for discussion]

(d) Following the close of the 120-day proposal window described in Section (c) above, and further study and evaluation, the Office of the Interconnection shall determine which, if any, of the ~~Non-emergency Long-lead~~ Project proposals received during the proposal window should be included in the recommended plan. In making this determination, the Office of the Interconnection will use all efforts to assign the most efficient and cost-effective investment decisions being selected for Non-emergency Projects in a not unduly discriminatory or preferential manner. shall consider the criteria set forth in Subsection 1.5.8(e). The Office of the Interconnection shall present to the Transmission Expansion Advisory Committee for review and comment a description of the proposed ~~Non-emergency Long-lead~~ Project recommended for inclusion in the plan. Proposals not selected should be documented in writing with a full explanation of rationale for not being selected.

(e) The Office of the Interconnection shall consider the following criteria in determining whether a ~~Non-emergency Long-lead~~ Project proposal should be included in the recommended plan: (i) the extent to which the ~~Long-lead Project~~ Non-emergency

Project proposal would address and solve the posted violation, system condition, economic constraint [or Public Policy Requirement in accordance with the State Agreement Approach]; (ii) with regard to economic-based ~~Long-lead-Project~~Non-emergency Project proposals, whether the relative benefits of the proposed project meets a Benefit/Cost Ratio Threshold of at least 1.25:1 as calculated pursuant to Section 1.5.7(d) of this Schedule 6; and (iii) the extent to which the ~~Non-emergency~~Long-lead Project proposal would have secondary benefits, such as addressing additional other system reliability, operational performance, or economic efficiency issues [or Public Policy Requirements in accordance with the State Agreement Approach].

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~~[this should come before sponsor period] (f) The Office of the Interconnection shall determine whether the sponsor that submitted a ~~Non-emergency~~Long-lead Project proposal recommended for inclusion in the plan is qualified to be the entity designated to construct, own and, unless otherwise provided, finance all or part of its proposed project. In making such determination, the Office of the Interconnection shall consider the following criteria: ~~Order 1000A says cannot be included~~(i) sponsor is qualified to engage in a state transmission siting process under relevant state law; (ii) sponsor complies with Attachment Q of the Tariff; (ii) sponsor's technical and engineering experience; (iii) sponsor's previous record regarding construction and maintenance of transmission facilities both inside and outside of the PJM Region; (iv) sponsor's capability to adhere to standardized construction, maintenance and operating practices; (v) sponsor's ability to assume liability for major losses resulting from failure of facilities; (vi) ~~[this looks like evaluation criteria]~~ sponsor's capability for cost containment and other advantages the sponsor may have to build the proposed Long-lead Project, including any binding agreement by the sponsor to accept a cost cap; and (vii) ~~[irrelevant but we may not care since we have experience]~~ sponsor's experience in acquiring rights of way. ~~Non-emergency~~Long-lead Project proposals that are recommended for inclusion in the plan shall be designated to the Qualified Sponsor who proposed the project under Section 1.5.8 (c) as the entity to construct, own and, unless otherwise provided, finance all or part of the proposed project to the extent the Office of the Interconnection determines the Sponsor is qualified pursuant to the criteria in this Subsection 1.5.8(f) adequately justified in writing with a not unduly discriminatory or not preferential reason. Sponsors not selected should be documented in writing with a full explanation of rationale for not being selected. [why it must come before sponsorship] In the event that the Office of the Interconnection determines that a sponsor of a Long-lead Project proposal included in the recommended plan is not qualified to construct own or finance all or part of the proposed project, the Transmission Owner(s) in whose Zone(s) the Long-lead Project is located shall be designated to construct, own and, unless otherwise provided, finance all or part of the proposed Long-lead Project for which the sponsor is determined not to be qualified, subject to Section 1.7(d) of this Schedule 6.~~

(g) If the Office of the Interconnection determines that: ~~(i) none of Non-emergencyLong-lead Project proposals received during the 120-day proposal window would resolve the posted violation, system condition, or economic constraint without significant modification; or (ii) no one Long-lead Project proposal is superior to any other;~~ none of the Non-emergencyLong-lead Project proposals shall be included in the recommended plan; ~~rather, the Office of the Interconnection may shall~~ propose an

alternative ~~Long-lead~~Non-emergency Project for inclusion in the recommended plan and will present such alternative Long-lead Project to the -Transmission Expansion Advisory Committee for review and comment. The comment period shall include at least a 30-day comment period prior to going to the PJM Board for approval. If only one of the Non-emergency Project proposals would resolve the posted violation, system condition or economic constraint, the Non-emergency Project proposal meeting the posted violation, system condition or economic constraint shall be included in the recommended plan. If more than one Non-emergency Project proposal would meet the posted violation, system condition or economic constraint, the Office of Interconnection shall select for inclusion in the recommended plan the Non-Emergency Project(s) that meet the posted violation, system condition or economic constraint in the most cost effective manner. If no Non-emergency Project is clearly more cost effective for addressing the posted violation, system condition or economic constraint, the Office of Interconnection shall place the project out for competitive bid or ask those members of the the-Organization of PJM states in whose state costs for the selected projects would be allocated, to select the project for inclusion in the recommended plan. If a member of the Organization of PJM states selects the project, then the state member of the Organization of PJM States shall use a process, including any state proceeding process, fully compliant with FERC Order 1000 for selection of the most effective and cost-effective project. ~~The Transmission Owner(s) in whose Zone(s) the alternative Long-lead Project is to be located shall be designated as the entity(ies) to construct, own and, unless otherwise provided, finance the alternative Long-lead Project.~~

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(h) The PJM Board shall approve the inclusion of the ~~Non-emergency~~Long-lead Projects and designation of sponsors in the final Regional Transmission Expansion Plan, pursuant to Section 1.6 of this Schedule 6.

(i) A sponsor designated to be the entity to construct, own and, unless otherwise provided, finance all or part of a proposed ~~Non-emergency~~Long-lead Project shall notify the Office of the Interconnection of its acceptance of the designation within 10 Business days of its receipt of such designation. In the event the sponsor of a project designed to solve a posted violation or system condition (i) fails to accept the designation pursuant to this subsection 1.5.8(i); or (ii) fails to timely commence or complete construction of, a ~~Long-lead Non-Emergency~~reliability Project pursuant to the specifications in the Regional Transmission Expansion Plan, the Office of the Interconnection shall inform the Transmission Owner(s) in whose Zone(s) the Long-leadNon-emergencyreliability Project is located and an alternative shall be designated shallmay be undertaken to construct or complete construction of, own and, unless otherwise provided, finance the proposed reliability Long-lead Project.

(j) Notwithstanding anything to the contrary in this Section 1.5.8, the Transmission Owner(s) in whose Zone(s) a proposed ~~Non-emergency~~Long-lead Project is to be located will be designated as the entity to construct, own and, unless otherwise provided, finance the recommended ~~Long-lead~~Non-Emergency Project, when the ~~Long-lead~~Non-emergency Project is: (i) an upgrade to a Transmission Owner's own existing transmission facilities, such as reconductoring or tower change-outs, or (ii) ~~located on a Transmission Owner's existing right of way;~~ or (iii) located solely within a Transmission

Owner's retail distribution service territory or footprint and is not selected in the Regional Transmission Expansion Plan for purposes of cost allocation. ~~Transmission Owners shall be the entities designated to construct, own and, unless otherwise provided, finance all other enhancements or expansions recommended for inclusion in the Regional Transmission Expansion Plan to be located in their Zones that are not Long-lead Projects, subject to Section 1.7(d) of this Schedule 6.~~

1.6 Approval of the Final Regional Transmission Expansion Plan.

(a) The PJM Board shall approve the final Regional Transmission Expansion Plan, including any alternatives therein, any additions of economic transmission enhancements or expansions pursuant to Sections 1.5.6(d) and 1.5.7 above and Non-emergency Long-lead Project proposals pursuant to Section 1.5.8 in accordance with the requirements of this Section 1.6. The PJM Board shall not approve the Supplemental Projects listed in the Regional Transmission Expansion Plan. PJM Board approval of the Regional Transmission Expansion Plan shall not represent PJM Board review or approval of the Supplemental Projects, and Supplemental Projects are not eligible for cost allocation pursuant to Schedule 12 of the PJM Tariff.

The Office of the Interconnection shall publish the current, approved Regional Transmission Expansion Plan on the PJM Internet site. Within 30 days after each occasion when the PJM Board approves a Regional Transmission Expansion Plan, or in addition to such a plan, that designates one or more ~~entities~~ ~~Transmission Owners~~ to construct an economic expansion or enhancement developed pursuant to Sections 1.5.6(d) and 1.5.7 above, the Office of the Interconnection shall file with FERC a report identifying the economic expansion or enhancement, its estimated cost, the entity or entities that will be responsible for constructing and owning or financing the project, and the market participants designated under Section 1.5.6(g) above to bear responsibility for the costs of the project.

(b) If a Regional Transmission Expansion Plan is not approved, or if the transmission service requested by any entity is not included in an approved Regional Transmission Expansion Plan, nothing herein shall limit in any way the right of any entity to seek relief pursuant to the provisions of Section 211 of the Federal Power Act.

(c) Following PJM Board approval, the final Regional Transmission Expansion Plan shall be submitted to the Applicable Reliability Council for verification that all enhancements or expansions conform with or exceed all reliability principles and standards of the Applicable Regional Reliability Council.