

### 1.5.8 Development of Long-lead Projects, Short-term Projects, and Immediate-need Reliability Projects ~~and State Public Policy Projects.~~

(a) On an annual basis, entities that desire to be the Designated Entity for Immediate-need Projects, Short-term Projects or Long-lead Projects to be included in the recommended plan shall submit to the Office of the Interconnection the following information: (i) name and address of the entity; (ii) the technical and engineering qualifications of the entity or its affiliate, partner or parent company; (iii) the demonstrated experience of the entity or its affiliate, partner or parent company to develop, construct, maintain, and operate ~~[including responding to emergencies]~~ transmission facilities, including a list or other evidence of transmission facilities the entity previously developed, constructed ~~and~~, maintained, or operated; (iv) the previous record of the entity or its affiliate, partner or parent company regarding construction ~~and~~, maintenance, or operation of transmission facilities both inside and outside of the PJM Region; and (v) the capability of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance and operating practices; (vi) the financial statements of the entity or its affiliate, partner or parent company for the most recent fiscal quarter, as well as the most recent three fiscal years, or the period of existence of the entity, if shorter, or such other evidence demonstrating an entity's current and expected financial capability acceptable to the Office of the Interconnection; (vii) a commitment by the entity to execute the Consolidated Transmission Owners Agreement, if the entity becomes a Designated Entity; (viii) the ability of the entity to assume liability for major losses resulting from failure of facilities; and (ix) the experience of the entity in acquiring rights of way. Based on this information, and prior to the opening of the next project proposal window, the Office of the Interconnection shall determine whether an entity is qualified to be a Designated Entity and shall notify the entity of such determination. In the event the Office of the Interconnection determines that an entity is not qualified to be a Designated Entity, the Office of the Interconnection shall include in the notification the basis for its determination. The entity shall have 30 days or ~~such~~ other such period as may be agreed to by the Office of the Interconnection to submit additional information, which the Office of the Interconnection shall consider in re-evaluating whether the entity is qualified to be a Designated Entity. The Office of the Interconnection shall notify the entity of the results of this re-evaluation within ## business days of receiving the additional information. If an entity is notified by the Office of the Interconnection that the entity does not qualify to be a Designated Entity, such entity may request dispute resolution pursuant to Schedule 5 of the Operating Agreement. If an entity was qualified to be a Designated Entity in the previous ~~calendar or planning~~ year, such entity is not required to re-submit information to qualify to be a Designated Entity in the current ~~calendar or planning~~ year provided, however, that such entity must submit to the Office of the Interconnection all updated information at the time the information has changed. In the event an entity submits updated information, the Office of the Interconnection shall determine whether the entity continues to qualify to be a Designated Entity and shall notify the entity of its determination within a reasonable period of time. As determined by PJM the Office of the Interconnection, an entity may pre-qualify outside the annual qualification window detailed in section 1.5.8(c) for good cause shown. This section shall not apply to entities that desire to propose Short-term Projects or Long-lead Projects for inclusion in the recommended plan but do not intend to be a Designated Entity.

(b) Upon identification of existing and projected limitations on the Transmission System's physical, economic and/or operational capability or performance, in the enhancement and expansion analysis process 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, and Public Policy Requirements ~~[identified by the states in the PJM Region]~~ that may be addressed by potential Short-term Projects, Long-lead Projects or ~~State Public Policy Projects~~, projects determined pursuant to the State Agreement Approach in Section 1.5.9 of this Schedule 6. Immediate-need Reliability Projects shall not be included in the proposal window ~~[and the Office of the Interconnection shall not accept proposals for Immediate-need Reliability Projects]~~. Rather, Immediate-need Reliability Projects shall be developed as described in section 1.5.8(k) of this Schedule 6.

(c) The Office of the Interconnection shall provide notice to stakeholders of a ~~[30-day/45-day/60-day]~~ proposal window for Short-term Projects and a 120-day proposal window for Long-lead Projects. The Office of the Interconnection will accept proposals for potential enhancements or expansions to address the posted violations, system conditions, economic constraints, as well as Public Policy Requirements.

(c)(1) Proposals must contain: (i) the name and address of the proposing entity; (ii) a statement whether the entity intends to be the Designated Entity for the proposed project; (iii) location of proposed project, including source and sink, if applicable; (iv) relevant engineering studies, and other relevant information as described in the PJM Manuals pertaining to the proposed project; and (v) cost estimates and analyses as described in the PJM Manuals for the proposed project.

(c)(2) If the proposing entity states that it intends to be a Designated Entity, the proposal also shall contain information demonstrating: (i) technical and engineering qualifications; (ii) experience of the entity or its affiliate, partner or parent company to develop, construct, maintain, and operate, including emergency response capabilities, the type of transmission facilities contained in the project proposal; (iii) evidence of transmission facilities the entity previously constructed ~~and~~, maintained, or operated; (iv) the ability of the entity or its affiliate, partner or parent company to obtain adequate financing relative to the proposed project, which may include a letter of intent from a financial institution approved by the Office of the Interconnection; ~~(iii)~~ (iv) the capability or its affiliate, partner or parent company for cost containment, schedule-keeping, and other advantages the entity may have to build the proposed project, including any cost commitment the entity may wish to submit; ~~(iv)~~ (v) any other information that may assist the Office of the Interconnection in evaluating the proposed project.

(c)(3) The Office of the Interconnection may request additional reports or information that it determines are reasonably necessary to evaluate the specific project proposal pursuant to the criteria set forth in subsection 1.5.8(e). If the Office of the Interconnection determines any of the information provided in a proposal is deficient or the Office of the Interconnection requires additional reports or information to analyze the submitted proposal, it shall notify the proposing entity of such deficiency or request and

the proposing entity shall provide the necessary information within **[10]** business days of receipt of the notification of deficiency and/or request for additional reports or information or other reasonable time period as determined by the Office of the Interconnection.

(c)(4) The request for additional reports or information by the Office of the Interconnection pursuant to this section may not be used to change the proposed project or submit a new project proposal once the proposal window is closed. In the event that the proposing entity fails to timely cure the deficiency or provide the requested reports or information, the entity's proposed project shall not be considered for inclusion in the recommended plan.

(d) Following the close of a proposal window, the Office of the Interconnection shall post all proposals submitted pursuant to section 1.5.8(c) of this Schedule 6 and determine which, if any, of the proposed projects received during the applicable proposal window should be considered for inclusion in the recommended plan. In making this determination, the Office of the Interconnection shall consider the criteria set forth in section 1.5.8(e) of this Schedule 6. All proposals addressing Public Policy Requirements ~~will~~shall be provided to the states for review and consideration for inclusion in the recommended plan as a Supplemental Project or a public policy project consistent with section 1.5.9 of this Schedule 6. PJM shall post the projects the Office of the Interconnection proposes to include in the recommended plan. The Office of the Interconnection shall present to the Transmission Expansion Advisory Committee for review and comment descriptions of the proposed projects recommended for inclusion in the recommended plan. Based on that review, PJM may, if necessary conduct further study and evaluation and post revised projects for review and comment by the Transmission Expansion Advisory Committee.

(e) The Office of the Interconnection shall consider the following criteria as may be further defined in the PJM Manuals ~~and qualifications of the entity proposing the project,~~ to the extent applicable, in determining whether a proposed Short-term Project or Long-lead Project should be included in the recommended plan: (i) the extent to which the proposed Short-term Project or Long-lead Project would address and solve the posted violation, system condition, or economic constraint; (ii) with regard to proposed economic-based Short-term Project or Long-lead Project, 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; (iii) the extent to which the proposed Short-term Project or Long-lead Project would have secondary benefits, such as addressing additional or other system reliability, operational performance, economic efficiency issues or Public Policy Requirements identified by the states;

(f) In determining whether the entity proposing a Short-term Project or a Long-lead Project recommended for inclusion in the recommended plan shall be the Designated Entity, the Office of the Interconnection shall review whether in its proposal the entity indicated ~~in its proposal~~ its intent to be the Designated Entity and the Office of the Interconnection ~~determines~~determined that the entity is qualified pursuant to section 1.5.8(a) to submit proposals and to be a Designated Entity relative to the specific project proposed by demonstrating: (i) the technical and engineering experience of the entity or its

affiliate, partner or parent company, including previous record regarding construction ~~and~~ maintenance, and operation of transmission facilities both inside and outside of the PJM Region, relative to the project proposed; (ii) ability of the entity or its affiliate, partner or parent company to construct, maintain and operate transmission facilities, as proposed, both inside and outside of the PJM Region; (iii) capability of the entity to adhere to standardized construction, maintenance and operating practices; (iv) ability of the entity to assume liability for major losses resulting from failure of facilities; (v) experience of the entity in acquiring rights of way; (vi) ability of the entity to secure a financial commitment (e.g., MOU) from an approved financial institution agreeing to finance the project if it is accepted into the recommended plan; and (vii) any other factors that may be relevant to the proposed project.

(g) If the Office of the Interconnection determines that none of the proposed Long-lead Projects received during the 120-day proposal window would resolve a posted violation, system condition, or economic constraint, ~~without significant modification; (ii) no one proposed Long-lead Project is superior to any other, or (iii) the proposing entity did not qualify pursuant to sections 1.5.8(a) or (c)~~, ~~none of the proposed Long-lead Projects will be included in the recommended plan and~~ the Office of the Interconnection may re-evaluate and post on the PJM website all violations, system conditions, or economic constraints in the next planning cycle pursuant to section 1.5.8(b), provided such re-evaluation would not affect the ability of the Office of the Interconnection to ensure the reliability of the system.

(h) If the Office of the Interconnection determines that none of the proposed Short-term Projects received during a ~~[30-45/60-day]~~ proposal window would resolve a posted violation, system condition, or economic constraint ~~without significant modification~~, the Office of the Interconnection shall propose a Short-term Project to solve the posted violation, system condition or economic constraint for inclusion in the recommended plan and will present such Short-term Project to the Transmission Expansion Advisory Committee for review and comment. The Transmission Owner(s) in whose Zone(s) the alternative Short-term Project is to be located shall be the Designated Entity for the alternative Short-term Project.

(i) The PJM Board shall approve the inclusion of Short-term Projects and Long-lead Projects and associated Designated Entities in the final Regional Transmission Expansion Plan, pursuant to Section 1.6 of this Schedule 6. Within ~~[ ]~~ business days of the PJM Board's approval, PJM shall notify the proposing entity that its project is included in the Regional Transmission Expansion Plan and that it shall be the Designated Entity. In such notice, the Office of the Interconnection shall provide the dates ~~by which (i) construction must commence; (ii)~~ (i) all necessary state approvals must be obtained; and ~~(iii)~~ (ii) by which the project must be in service.

(j) Within ~~[ ]~~ [10] business days of receiving notification of its designation as a Designated Entity, the Designated Entity shall submit to the Office of the Interconnection a development schedule which shall include, but not be limited to: (1) construction milestones necessary to develop and construct the Short-term Project or Long-lead Project to achieve the required in-service date, including the deadline for obtaining all necessary state approvals and (2) [a performance bond/letter of credit/etc.] In the event the

Designated Entity (i) fails to provide a development schedule or performance bond pursuant to this section 1.5.8(j); or (ii) fails to meet a milestone in its development schedule that causes a delay of the project's in-service date, the Office of the Interconnection shall re-evaluate the need for the Short-term Project or Long-lead Project, and based on that re-evaluation may: (i) retain the Short-term Project or Long-lead Project in the Regional Transmission Expansion Plan, (ii) remove the Short-term Project or Long-lead Project from the Regional Transmission Expansion Plan, or (iii) include an alternative solution in the Regional Transmission Expansion Plan. If the Office of the Interconnection retains the Short-term or Long-term Project in the Regional Transmission Expansion Plan, it shall determine whether the delay is beyond the Designated Entity's control and whether to retain the Designated Entity or to designate the Transmission Owner(s) in whose Zone(s) the project is located as Designated Entity for the Short-term Project or Long-lead Project. Any modifications to the Regional Transmission Expansion Plan pursuant to this section shall be presented to the Transmission Expansion Advisory Committee for review and comment and approved by the PJM Board. ~~Within 30 days of PJM Board approval to remove a Short-term Project or Long-lead Project from the Regional Transmission Expansion Plan, the Office of the Interconnection shall submit an informational filing to the FERC notifying FERC of the removal.~~

(k) Notwithstanding anything to the contrary in this Section 1.5.8, in all events, the Transmission Owner(s) in whose Zone(s) a proposed Short-term Project or Long-lead Project is to be located will be the Designated Entity for that project, when the Short-term Project or Long-lead Project is: (i) an upgrade to a Transmission Owner's own transmission facilities, (ii) located on a Transmission Owner's existing right of way; (iii) located solely within a Transmission Owner's Zone and the costs of the project are allocated solely to the Transmission Owner's Zone; or (iv) located solely within a Transmission Owner's Zone and is not selected in the Regional Transmission Expansion Plan for purposes of cost allocation.

(l) The Office of the Interconnection shall develop and recommend Immediate-need Reliability Projects for inclusion in the Regional Transmission Expansion Plan pursuant to the expansion planning process set forth in sections 1.5.1 through 1.5.6 of Schedule 6. The Office of the Interconnection shall present to the Transmission Expansion Advisory Committee for review and comment descriptions of the proposed Immediate-need Projects recommended for inclusion in the recommended plan. Based on that review, PJM shall, if necessary, conduct further study and evaluation and post a revised recommended plan for review and comment by the Transmission Expansion Advisory Committee. The PJM Board shall approve for inclusion in the recommended plan the Immediate-need Reliability Projects that it determines are required for reliability within the following three years or that the Office of the Interconnection has identified that the existing and projected limitations on the transmission system give rise to the need for an enhancement or expansion on an expedited basis. Transmission Owner(s) that own the transmission facilities located in the Zone where the Immediate-Need Reliability Project is to be located shall be the Designated Entity for the Immediate-Need Reliability Project included in the Regional Transmission Expansion Plan.

#### ~~1.5.9—State Public Policy Project~~

~~State government entities authorized by their respective state individually or jointly may propose or support a State Public Policy Project for inclusion in the recommended plan to address Public Policy Requirements identified by the state(s). Proposing or supporting a State Public Policy Project for inclusion in the recommended plan is completely voluntary. The total costs of a State Public Policy Project shall be the responsibility of the state(s) proposing or supporting the State Public Policy Project. All costs related to such State Public Policy Project shall be recovered from customers in the states proposing or supporting the State Public Policy Project under a FERC approved rate. No State Public Policy Project costs may be recovered from customers in states that did not propose or support the State Public Policy Project. The state government entities authorized to propose or support a State Public Policy Project shall designate the entity responsible for constructing, owning, operating and maintaining the State Public Policy Project. [A State Public Policy Project shall not be included in the Regional Transmission Expansion Plan for purposes of cost allocation.]~~

#### **~~1.5.10 Multi-Need Projects~~**

~~The Office of the Interconnection shall evaluate proposed Long-lead Projects, Short-term Projects, and State Public Policy Projects to determine whether the projects alone or, in combination, and with or without modification by the Office of the Interconnection provide efficient and cost effective solutions to multiple needs, which may include reliability, market efficiency, and Public Policy Requirements. If the Office of the Interconnection identifies a proposed project, combination of proposed projects, modifications to a proposed project(s) or a new project as being the most efficient and cost effective solution to multiple needs, such project or projects shall become a Multi-Need Project. For each Multi-Need Project, the Office of the Interconnection shall identify the percentage of the project (component) that is attributable to each need it addresses. Cost responsibility for each component of a Multi-Need Project shall be assigned in accordance with the cost responsibility assignment procedures in Schedule 12 associated with the need the component addresses. If a Multi-Need Project includes a State Public Policy Project component, the Office of the Interconnection shall notify the affected state(s) and request confirmation that each affected state agrees to the inclusion of the State Public Policy Project component in the Multi-Need Project. If one or more affected states do not agree to the inclusion of the State Public Policy Project component, the Office of the Interconnection may determine to remove such component from the Multi-Need Project and re-evaluate and modify, to the extent necessary, the Multi-Need Project, including the percentage of the project attributable to each need addressed by the Multi-Need Project.~~



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