

1.5.8 Development of Long-lead Projects, Short-term Projects, and Immediate-need Reliability Projects

(a) **Pre-Qualification Requirements.** On an annual basis, entities that desire to be the Designated Entity for Immediate-need Reliability 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 transmission facilities, including a list or other evidence of transmission facilities the entity previously developed, constructed, maintained, or operated; (iv) the previous record of the entity or its affiliate, partner or parent company regarding construction, 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~~ address and timely remedy liability for major losses resulting from failure of facilities; ~~and~~ (ix) the experience of the entity in acquiring rights of way and (x) such other supporting information that the Office of Interconnection requires to make the pre-qualification determinations consistent with this sub-section. 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 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 15 business days of receiving the additional information or such other reasonable time period as needed determined by the Office of the Interconnection to make the determinations required by this subsection prior to the opening of the next project proposal window. 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 year, such entity is not required to re-submit information to qualify to be a Designated Entity in the current 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 prior to the opening of the next proposal window. As determined by the Office of the Interconnection, an entity may pre-qualify outside the annual qualification window ~~detailed in section 1.5.8(e)~~ for good cause shown. This section shall not apply to entities that desire to propose ~~Short-term Projects or Long-lead Projects~~projects for inclusion in the recommended plan but do not intend to be a Designated Entity.

(b) **Posting of System Needs.** 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, and after consideration of non-transmission solutions per their accordance with ((FYI sections of this tariff cite to FYI sections)), the Office of the Interconnection shall post on the PJM website the violations, system conditions, economic constraints, and Public Policy Requirements, including (i) federal ~~Public Policy Requirements~~ and (ii) state ~~Public Policy Requirements~~ identified or agreed-to by the states that may be addressed by potential Short-term Projects, Long-lead Projects or 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. Rather, Immediate-need Reliability Projects shall be developed as described in section 1.5.8(l) of this Schedule 6.~~

(c) **Project Proposal Windows.** The Office of the Interconnection shall provide notice to stakeholders of a 30-day proposal window for Short-term Projects and a 120-day proposal window for Long-lead Projects. The Office of Interconnection may (i) shorten these proposal windows should the identified need require a shorter proposal window to meet the needed in-service date of the proposed ~~upgrade~~enhancements or expansions or (ii) extend the windows as needed to accommodate updated information regarding system conditions. During these windows, ~~The~~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; (iv) a proposed construction schedule including projected dates on which needed permits are required to be obtained in order to meet the required in-service date; and (v) cost estimates and analyses that provide sufficient detail for the Office of Interconnection to review and analyze the proposed cost of the project; ~~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~~must contain information not previously provided pursuant to section 1.5.8(a) demonstrating: (i) technical and engineering qualifications; (ii) experience of the entity or its affiliate, partner or parent company ~~to~~in developing, constructing, maintaining, and ~~operate~~operating, including emergency response capabilities, the type of

transmission facilities contained in the project proposal; (iii) evidence of transmission facilities the entity previously constructed, 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 or such other evidence of financial resources to finance the proposed project; (v) 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; (vi) 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 subsections 1.5.8(e) and (f). 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 materially 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) **Posting and Review of Projects.** 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~~proposals 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 sections 1.5.8(e) and (f) of this Schedule 6. All proposals addressing Public Policy Requirements shall be provided to the states for review and consideration for inclusion in the recommended plan as a Supplemental Project or a state public policy project consistent with section 1.5.9 of this Schedule 6. ~~PJM~~The Office of the Interconnection shall post on the PJM website the projects proposed enhancements and expansions the Office of the Interconnection proposes to be included in the recommended plan. ~~The Office of the Interconnection shall~~and present to the Transmission Expansion Advisory Committee for review and comment descriptions of the proposed ~~projects enhancements and expansions~~recommended for inclusion in the recommended plan. ~~The Office of the Interconnection, in consultation with a~~After consideration of advicediscussion with and recommendations of the Transmission Expansion Advisory Committee, the Office of the Interconnection shall determine the more efficient and cost effective transmission enhancements and expansions for inclusion

in the recommended plan. Based on that review, ~~PJM~~the Office of the Interconnection may, if necessary conduct further study and evaluation and post revised ~~projects~~ enhancements and expansions for review and comment by the Transmission Expansion Advisory Committee.

(e) **Criteria Considered in Determining Inclusion of a Project in the Recommended Plan.** The Office of the Interconnection shall consider the following criteria ~~as may be further defined in the PJM Manuals,~~ 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 ~~timely~~ 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; and (iv) other factors such as cost effectiveness and regulatory risk.

(f) **Criteria Considered in Determining the Designated Entity for a Project.** 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 its intent to be the Designated Entity and the Office of the Interconnection determined that the entity is qualified pursuant to section 1.5.8(a) and 1.5.8(c)(2) ~~to submit proposals and to be a~~ the 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, 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 evidence~~ of the entity's or its affiliate's, partner's or parent company's ability 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; (vi) entity's capability to adhere to standardized construction, maintenance and operating practices, including the capability for emergency response and restoration of damaged equipment; and (vii) any other factors that may be relevant to the proposed project.

(g) **Procedures if no Long-lead Project Proposals Resolve Posted Violation, System Condition, or Economic Constraint.** 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, 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 timely address the identified reliability need. ensure the reliability of the system. In the event the Office of the Interconnection has identified that existing and projected limitations on the Transmission System that give rise to the need for an enhancement or expansion on an expedited basis, the Office of the Interconnection shall propose an alternative project to solve the posted violation, system condition or economic constraint for inclusion in the recommended plan and will present such project to the Transmission Expansion Advisory Committee for review and comment. The Transmission Owner(s) in whose Zone(s) the alternative project is to be located shall be the Designated Entity(ies) for the alternativesuch project.

(h) **Procedures if no Short-term Project Proposals Resolve Posted Needs.** If the Office of the Interconnection determines that none of the proposed Short-term Projects received during a 30-day proposal window would resolve a posted violation, system condition, or economic constraint, 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(ies) for the ~~alternative Short-term-such~~ Project.

(i) **Notification of Designated Entity.** ~~The PJM Board shall approve the inclusion of Short term Projects and Long lead Projectsrecommended plan and associated Designated Entities in the final Regional Transmission Expansion Plan, pursuant to Section 1.6 of this Schedule 6.~~ Within [10] business days of ~~the~~ PJM Board's approval of the Regional Transmission Expansion Plan, PJM the Office of the Interconnection 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 (i) all necessary state approvals must be obtained; and (ii) by which the project must be in service.

(j) **Acceptance of Designation as Designated Entity.** Within ~~[10]~~30 business days of receiving notification of its designation as a Designated Entity, the Designated Entity shall notify the Office of the Interconnection of its acceptance of such designation. Within 60 business days of receiving notification of its designation, or other reasonable time period as determined by the Office of the Interconnection, the Designated Entity shall submit to the Office of the Interconnection a development schedule which shall include, but not be limited to: (4i) 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 milestone dates~~ for obtaining all necessary state approvals and (2ii) ~~a performance bond/letter of credit/etc.~~letter of credit [to cover the incremental costs of construction by the Transmission Owner in the event of the reassignment of the project to a Transmission Owner pursuant to section 1.5.8(k)], and (iii) an executed an agreement with the Office of the Interconnection setting forth the rights and obligations related to being the Designated Entity for the project. [The Office

of Interconnection shall establish the required dollar value of the Letter of Credit utilizing information concerning the costs of alternative proposals submitted during the proposal window plus a reasonable level to cover the costs of transitioning the project from the Designated Entity to the Transmission Owner.]

(k) Failure of Designated Entity To Meet Milestones. In the event the Designated Entity fails to provide a development schedule or ~~performance bond/letter of credit~~ pursuant to ~~this~~ section 1.5.8(j); or 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(ies) 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.

(kl) Transmission Owners Required to be the Designated Entity. 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. Transmission Owner shall be Designated Entity when required by state law, regulation or administrative agency order.

(lm) Immediate--Need Reliability Projects: After consideration of non-transmission solutions pursuant to the (FYI approach);

(m1) 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 Reliability Projects recommended for inclusion in the recommended plan. Based on that review, PJM the Office of the Interconnection 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) ~~in whose Zone(s) that own the transmission facilities located in the Zone where~~ the Immediate-Need-need Reliability Project is to be located shall be the Designated Entity for the Immediate-Need-need Reliability Project included in the Regional Transmission Expansion Plan. ~~[Carrie will add bidding window]~~, provided the Immediate Need Reliability Project was not chosen pursuant to the expedited proposal process set forth in section 1.5.8(m)(2).

(m)(2) If, in the judgment of the Office of the Interconnection, there is sufficient time for the Office of the Interconnection to accept proposals in a shortened proposal window for Immediate-need Reliability Projects to meet certain reliability needs, the Office of the Interconnection shall post on the PJM website the violations and system conditions that could be addressed by such Immediate-need Reliability Projects proposals and provide notice to stakeholders of a shortened proposal window. Proposals must contain the information required in section 1.5.8(c). In determining the more efficient and cost effective proposed Immediate-need Reliability Project for inclusion in the recommended plan, the Office of the Interconnection shall consider the extent to which the proposed Immediate-need Reliability Project would address and solve the posted violations or system conditions and other factors such as cost effectiveness and regulatory risk. After PJM Board approval of the Regional Transmission Expansion Plan, the Office of the Interconnection shall notify the proposing entity in accordance with section 1.5.8(i) of this Schedule 6 that its project is included in the Regional Transmission Expansion Plan and that it shall be the Designated Entity. The Designated Entity shall accept such designation in accordance with section 1.5.8(j). In the event that (i) the Office of the Interconnection determines that (i) no proposal resolves a posted violation or system condition, (ii) an entity does not accept the designation as a Designated Entity, or (iii) the Designated Entity fails to meet milestones that would delay the in-service date of the Immediate-need Reliability Project, the Office of the Interconnection shall develop and recommend an Immediate-need Reliability Project to solve the violation or system needs in accordance with section 1.5.8(m)(1).