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#### 1.5.9 State Agreement Approach

- (a) State governmental entities authorized by their respective states, individually or jointly, may agree voluntarily to be responsible for the allocation of costs for a proposed transmission expansion or enhancement that addresses Public Policy Requirements identified or accepted by the state(s). Such transmission enhancements or expansions may be included in the recommended plan as a (i) Supplemental Project or (ii) state public policy project, which is a transmission enhancement or expansion, the costs of which will be recovered pursuant to a FERC-accepted cost allocation proposed by a single state or by agreement of multiple states. Costs related to a state public policy project or Supplemental Project included in the Regional Transmission Expansion Plan to address Public Policy Requirements shall not be recovered from customers in a state that did not agree to be responsible for the cost allocation. A state public policy project will be included in the Regional Transmission Expansion Plan for cost allocation purposes only if there is an associated FERC-accepted allocation permitting recovery of the costs of the state public policy project consistent with this section.
- (b) Subject to any designation reserved for Transmission Owners in section 1.5.8(j) of this Schedule 6, the state(s) responsible for cost allocation for a Supplemental Project or a state public policy project in accordance with section 1.5.9(a) above may submit to the Office of the Interconnection the entity(ies) to construct, own, operate and maintain the state public policy project from a list of entities supplied by the Office of the Interconnection that pre-qualified pursuant to section 1.5.8(c) of this Schedule 6.

1.6(a) Based on the studies and analyses performed by the Office of the Interconnection under this Schedule 6, the PJM Board shall approve the Regional Transmission Expansion Plan in accordance with the requirements of this Schedule 6. The PJM Board shall approve the cost allocations for transmission enhancements and expansions consistent with Schedule 12 of the PJM Tariff. Supplemental Projects shall be integrated into the Regional Transmission Plan approved by the PJM Board but shall not be included for cost allocation purposes.