



# RPPTF Teleconference Meeting

## **Teleconference Details:**

866-398-2885

Passcode: 934672

## **WebEx Details:**

<https://pjm.webex.com>

Session password: rpp0718pjm

July 18, 2013

9:30 am, Eastern Standard Time

- Roll Call, Agenda, Logistics (20 min)
  - Marie Furey, Fran Barrett
- FERC Order No. 1000 Update (30 min)
  - Pauline Foley
- Multi-Driver Dialog (60 min)
  - Steve Herling
- Review Action Items & Adjournment (15 min)
  - Fran Barrett

# RPPTF – *Multi-Driver Dialog*

The following slides continue the RPPTF dialog on the consideration of potential design and business rules for an expanded Multi-Driver Approach within PJM's current Planning Processes.

## General Principles and Assumptions:

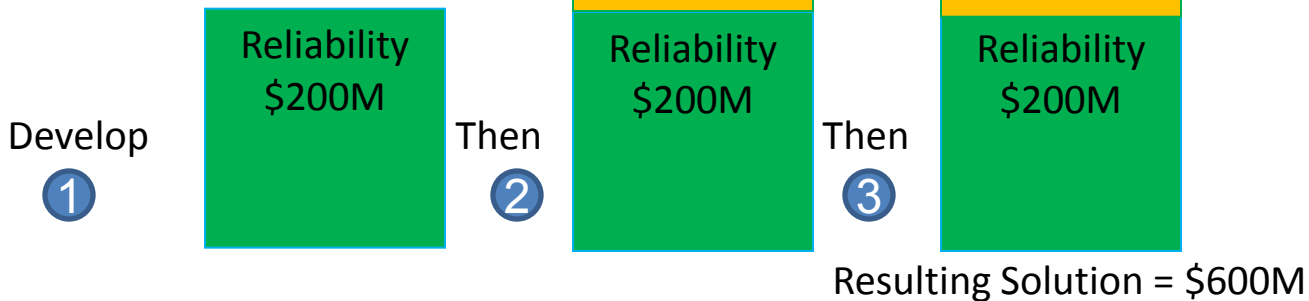
- The estimated cost of a combined multi-driver solution must be less than the estimated costs of independent, contemporaneous Reliability (R), Market Efficiency (ME) and Public Policy (PP) projects
- Today – we always ensure a reliability solution is available as a backstop. Going forward, the obligation to develop and build a reliability solution remains. We will always develop a reliability solution for an identified reliability violation.
- Important Note – a “combined” solution may not reflect the same discrete elements or locations and an overarching solution may replace some or all individual R, ME, & PP elements
- Multi-Driver approach should support a discrete timing/decision point to demonstrate certainty of need and facilitate financing
- Multi-Driver Principles should support unique State treatments for PP Special cases (e.g. undergrounding, dairy farm easements, etc.)

## General Principles and Assumptions (continued):

- We will continuously assess whether individual reliability needs exist and if any changes will affect proposed “apportionment” of Multi-Driver Project costs. Please note – Changes could result in a/an:
  - Increase in needs
  - Reduction of needs
  - Elimination of needs
  - Change in needs; specifically, a change that may result in a different solution altogether
  - Therefore, within this context – we also desire to explore potential impacts to the following cases in today’s discussions
- Our current RTEP, R, ME, & PP modeling, needs identification and proposed apportionment concepts are “prospective” and do not contemplate retrospective identification of needs that previously did not exist.
- Generator Interconnection (GI) as a driver – tabled for now due to timing and complexity issues. Support exists to revisit GI in the future.

Incremental apportionment of benefits used when Public Policy driver can be accommodated by an upgrade to an RTEP project already identified for Reliability and/or Market Efficiency drivers

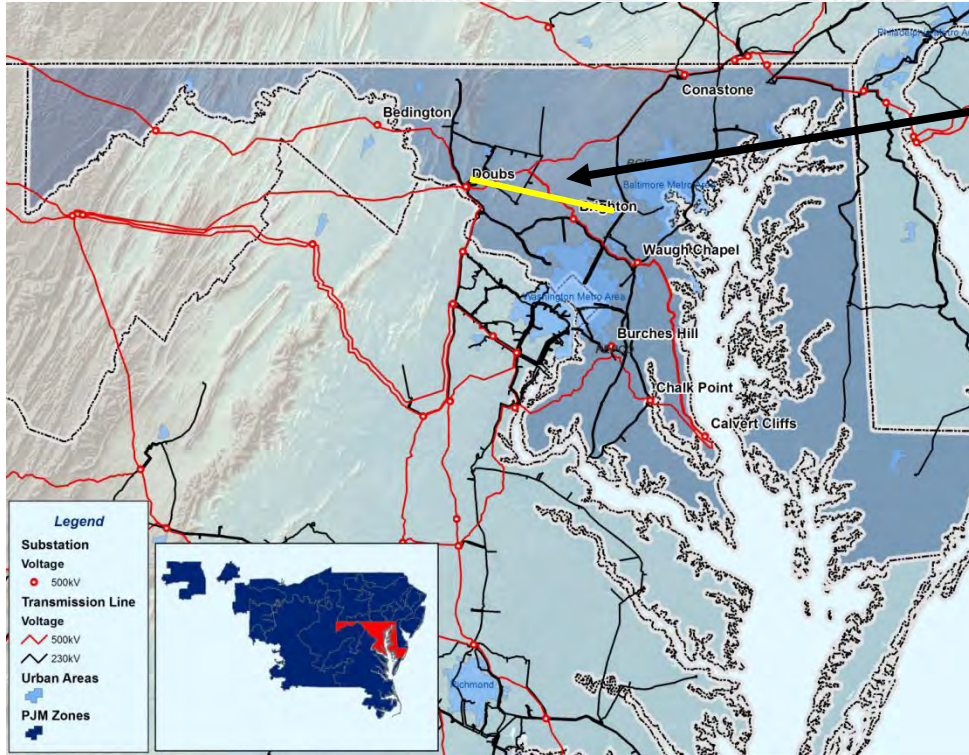
*Estimated Cost of 3 Projects in isolation = \$800M  
(R\$200M, ME\$100M, PP\$500M)*



Approach suggests an incremental (direct) apportionment by driver type

*Apportioned as follows:*  
 $R = \$200M$   
 $ME = \$50M$   
 $PP = \$350M$

Order of solution development and analysis of apportionment

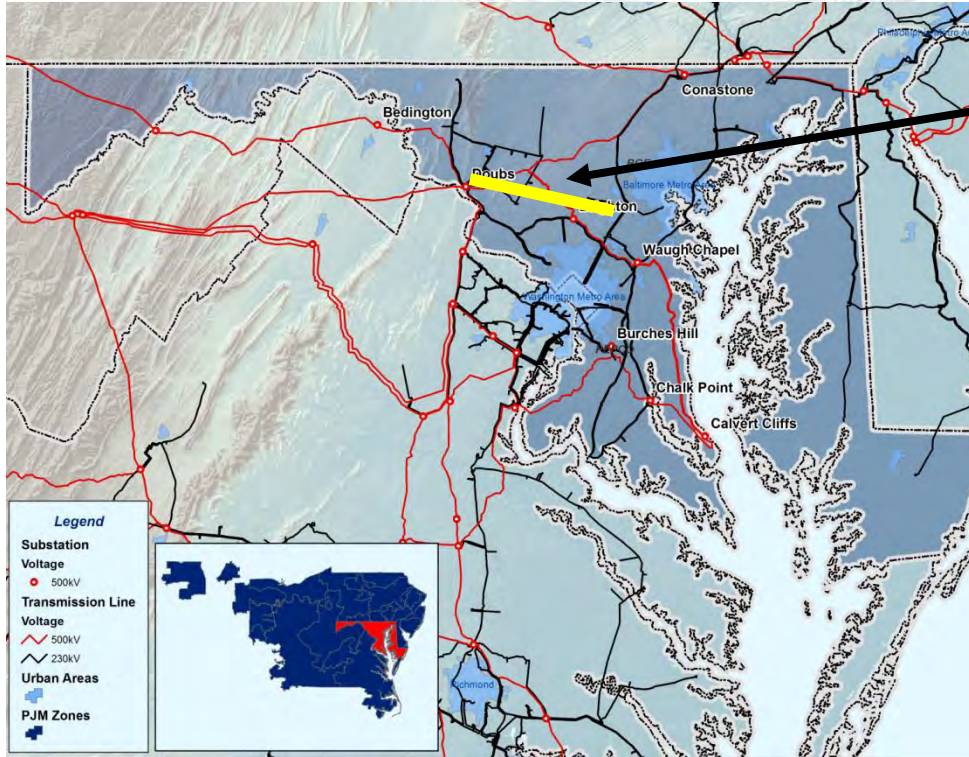


Single circuit 230 kV line identified to resolve reliability criteria violation

Cost:  
R = \$100M

Allocation:

BGE	50% (\$50M)
PEPCO	15% (\$15M)
PSEG	15% (\$15M)
AE	10% (\$10M)
DPL	10% (\$10M)

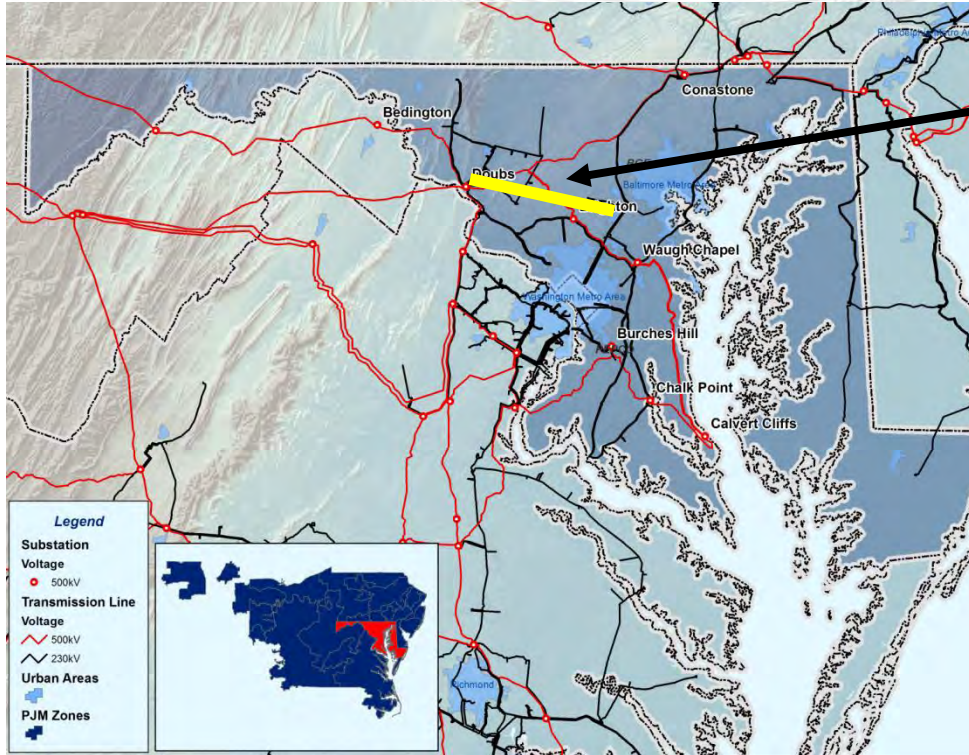


Double circuit 230 kV line identified to resolve reliability criteria violation and provide for renewable delivery to Maryland

Cost:  
*R+PP = \$150M*

Apportionment:  
*Public Policy \$50M*  
*Reliability \$100M*



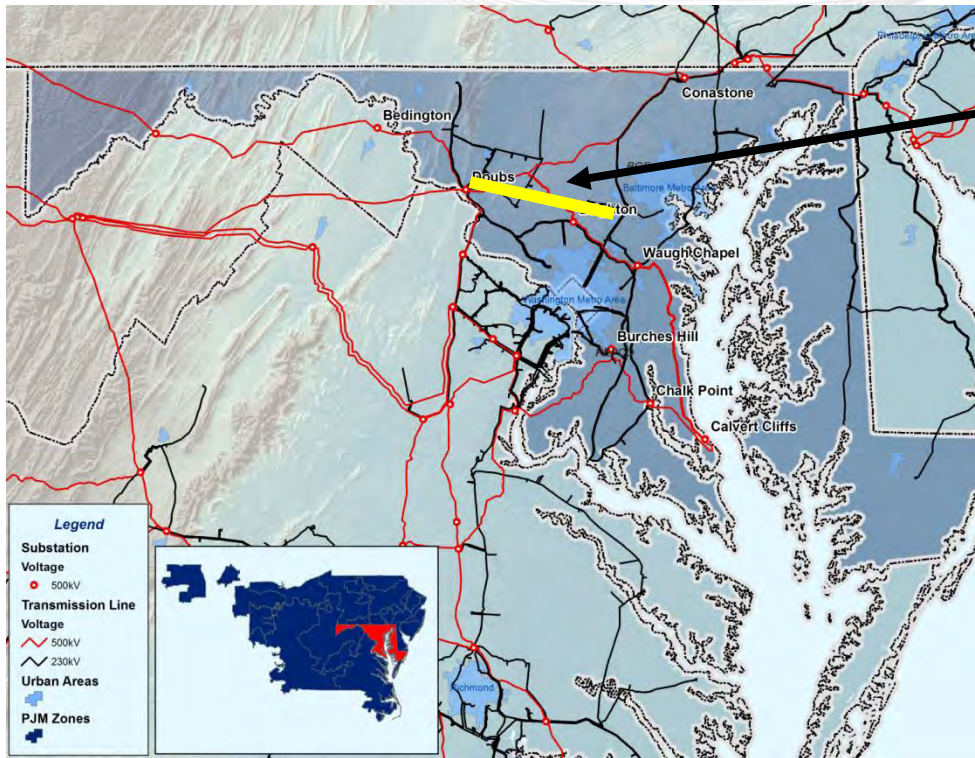


Double circuit 230 kV line identified to resolve reliability criteria violation and provide for renewable delivery to Maryland

Cost:  
 $R+PP = \$150M$

Allocation:  
 Maryland \$50M

BGE	50% (\$50M)
PEPCO	15% (\$15M)
PSEG	15% (\$15M)
AE	10% (\$10M)
DPL	10% (\$10M)

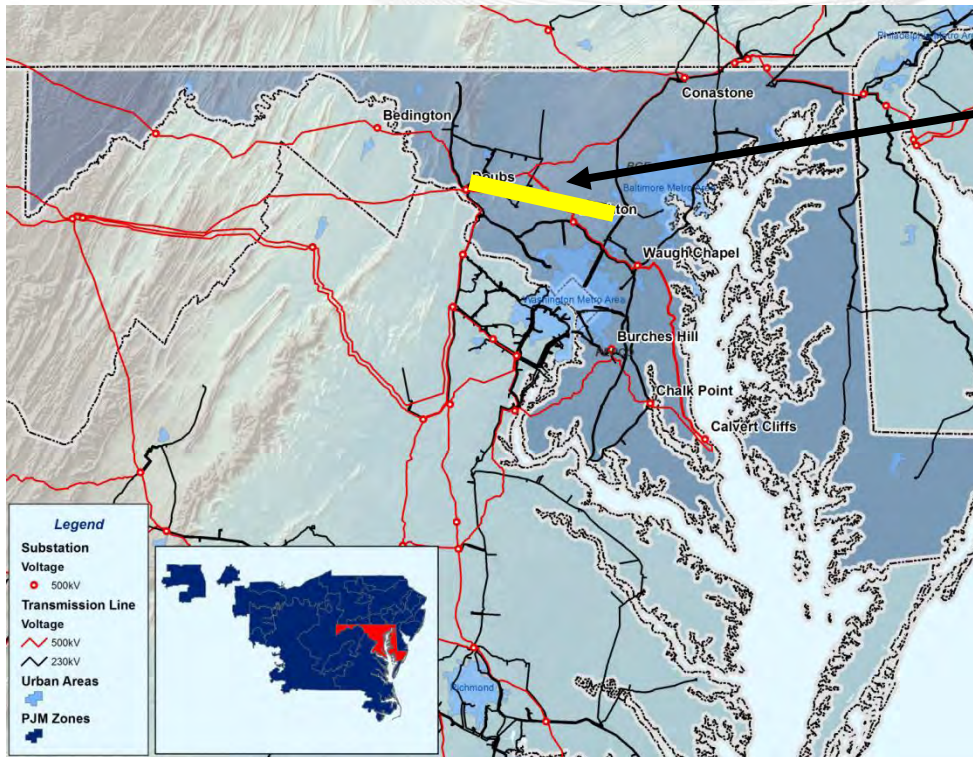


Double circuit 230 kV line identified to resolve reliability criteria violation

*Cost:*  
*R = \$150M*

*Allocation:*

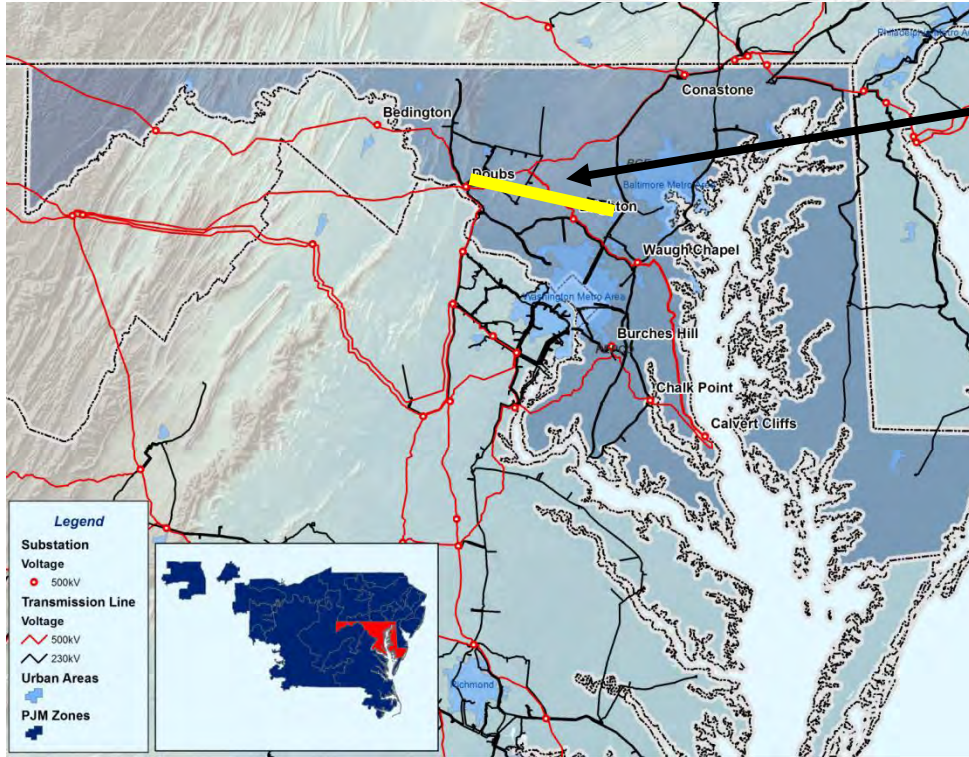
<i>BGE</i>	<i>50% (\$75M)</i>
<i>PEPCO</i>	<i>15% (\$22.5M)</i>
<i>PSEG</i>	<i>15% (\$22.5M)</i>
<i>AE</i>	<i>10% (\$15M)</i>
<i>DPL</i>	<i>10% (\$15M)</i>



Single circuit 500 kV line identified to resolve reliability criteria violation and provide for renewable delivery to Maryland

Cost:  
*R+PP = \$550M*

Apportionment:  
*Public Policy \$400M*  
*Reliability \$150M*



Single circuit 500 kV line identified to resolve reliability criteria violation and provide for renewable delivery to Maryland

*Cost:*

*R+PP = \$550M*

*Allocation:*

*Maryland \$400M*

*Socialized \$75M*

*BGE 50% (\$37.5M)*

*PEPCO 15% (\$11.25M)*

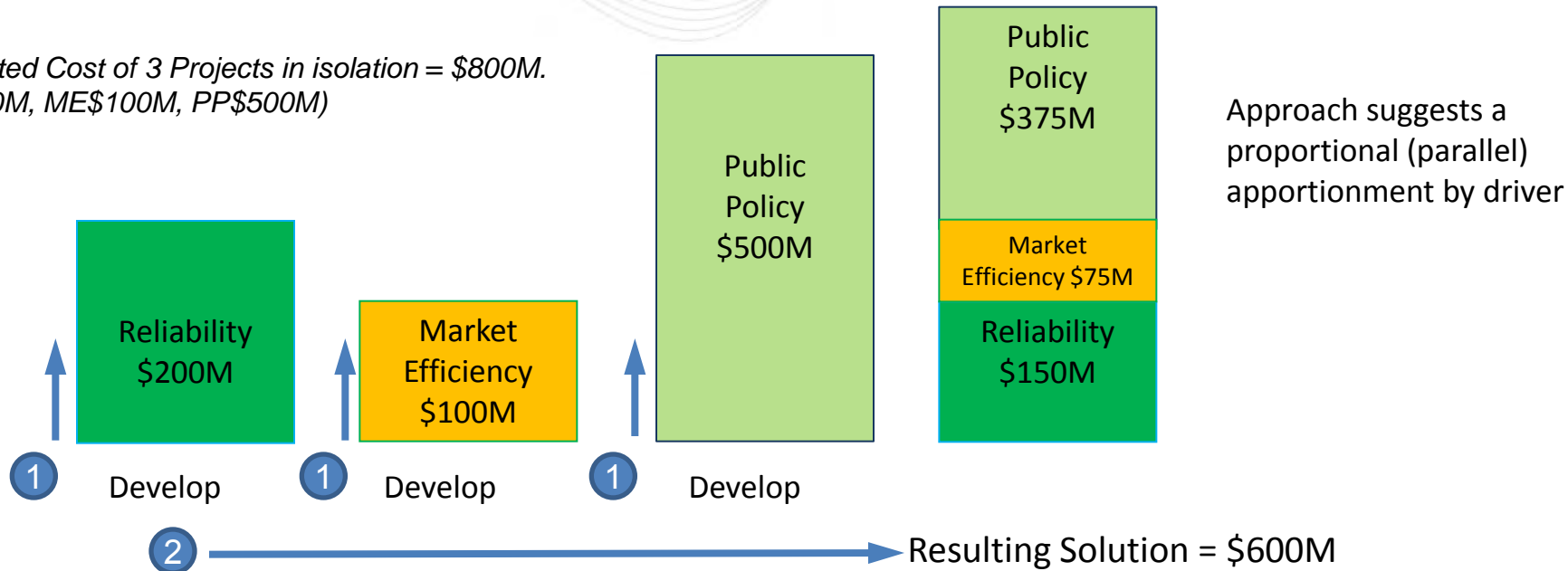
*PSEG 15% (\$11.25M)*

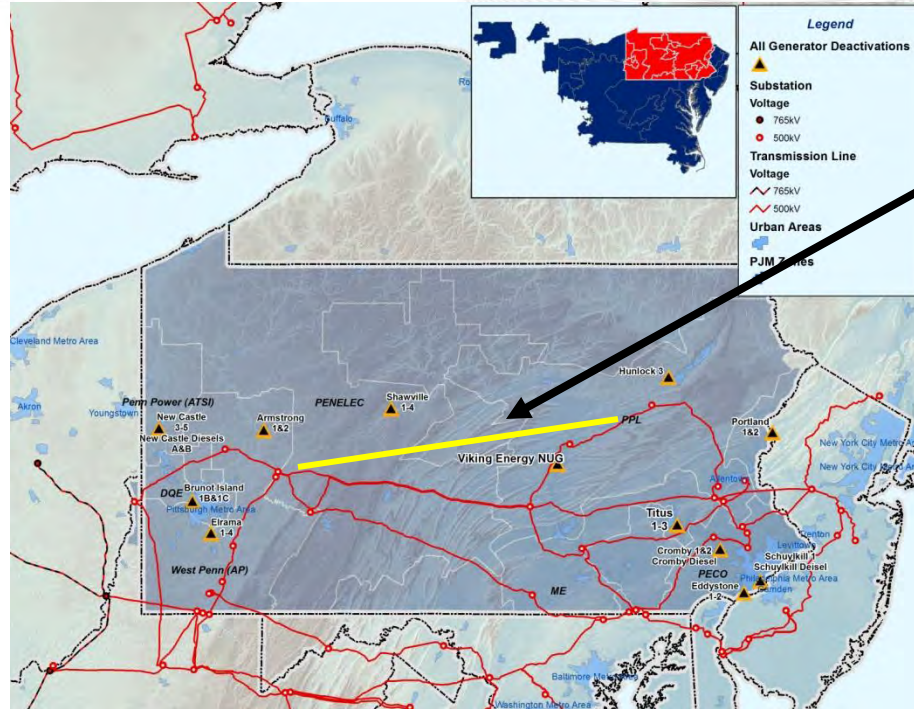
*AE 10% (\$7.5M)*

*DPL 10% (\$7.5M)*

Proportional apportionment of benefits used when Public Policy driver and Reliability and/or Market Efficiency drivers can be accommodated by a new RTEP project that is different from projects already identified for Reliability and/or Market Efficiency drivers, but a more effective solution to the combination of drivers

*Estimated Cost of 3 Projects in isolation = \$800M.  
(R\$200M, ME\$100M, PP\$500M)*



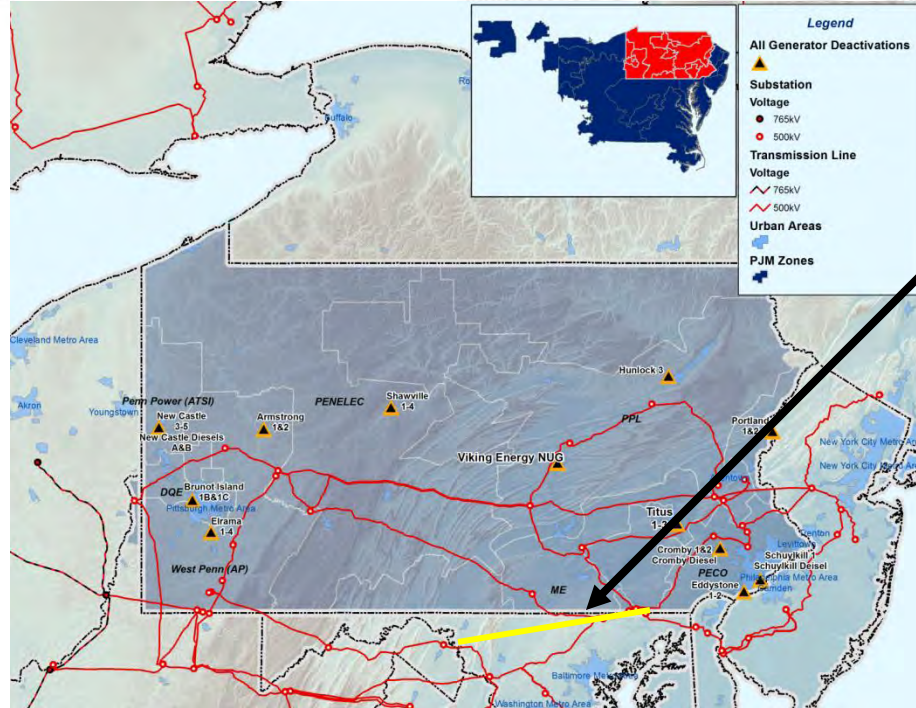


Single circuit 230 kV line identified to resolve reliability criteria violation

Cost:  
R = \$300M

Allocation:

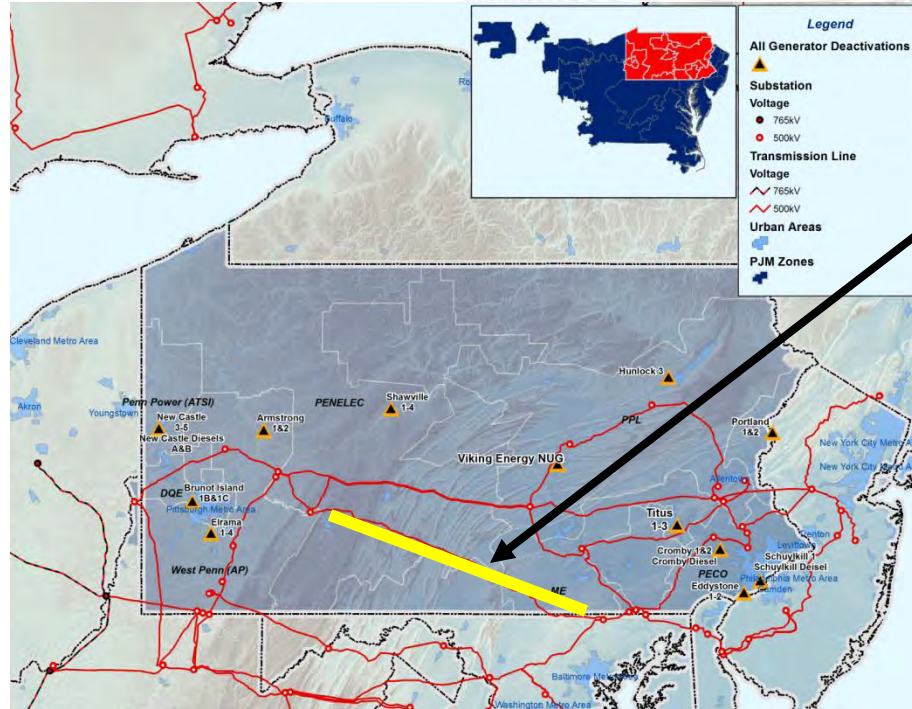
PPL	50% (\$150M)
ME	20% (\$60M)
PSEG	15% (\$45M)
JCPL	15% (\$45M)



Single circuit 230 kV line identified to provide for renewable delivery to Maryland

Cost:  
R = \$200M

Allocation:  
Maryland \$200M

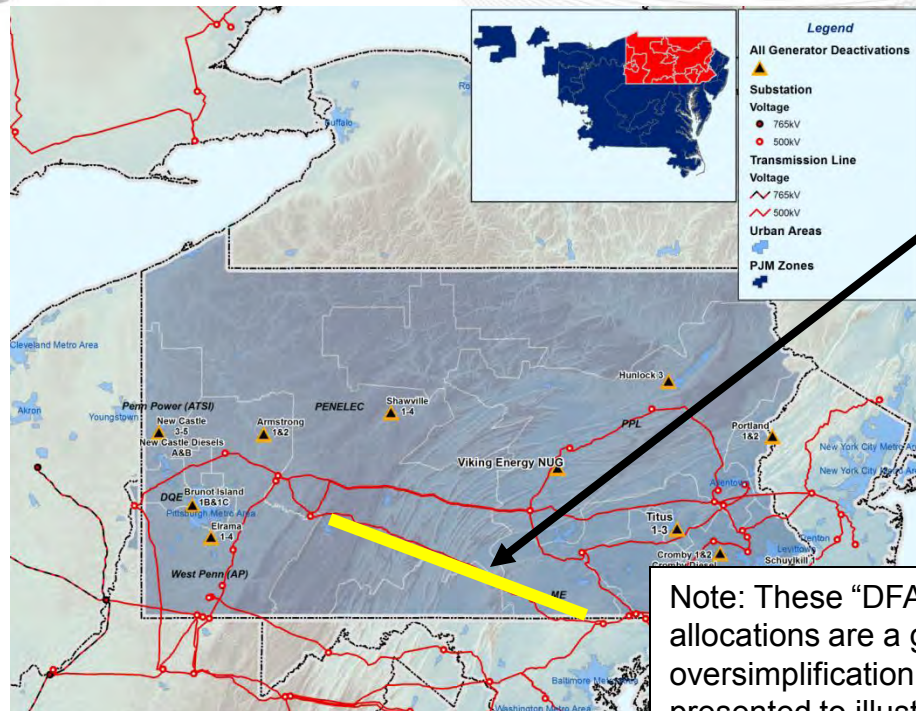


Double circuit 230 kV line identified to resolve reliability criteria violation and provide for renewable delivery to Maryland

Cost:  
 $R+PP = \$400M$

Apportionment:  
 Public Policy \$160M  
 Reliability \$240M





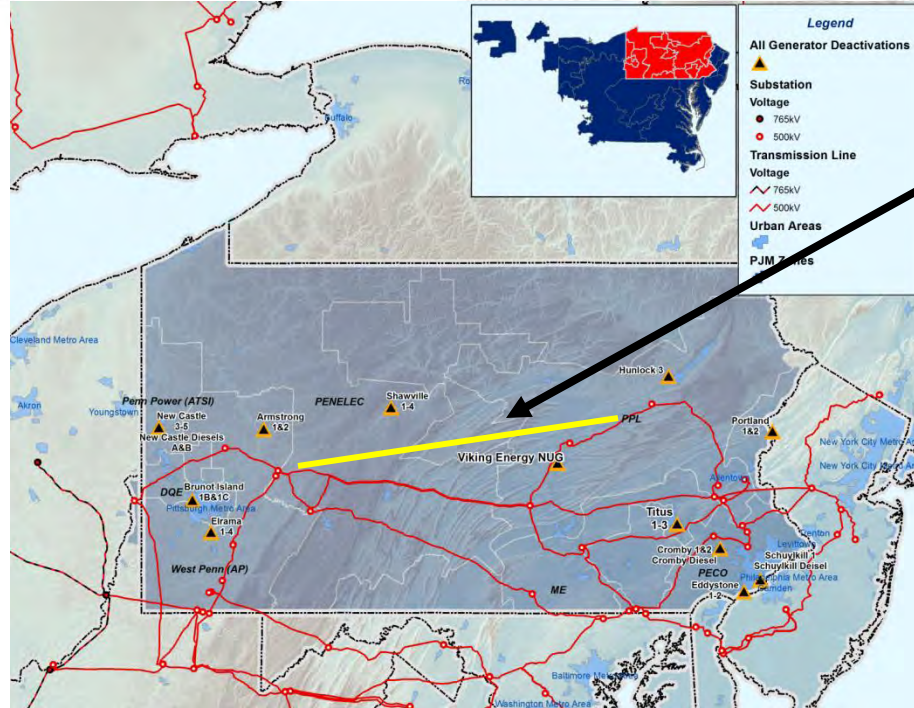
Double circuit 230 kv line identified to resolve reliability criteria violation and provide for renewable delivery to Maryland

Cost:  
 $R+PP = \$400M$

Allocation:  
 Maryland \$160M

BGE	25% (\$60M)
PECO	25% (\$60M)
PSEG	20% (\$48M)
DPL	20% (\$48M)
AE	10% (\$24M)

Note: These “DFAX” allocations are a gross oversimplification and are presented to illustrate how they may change as different projects are considered.

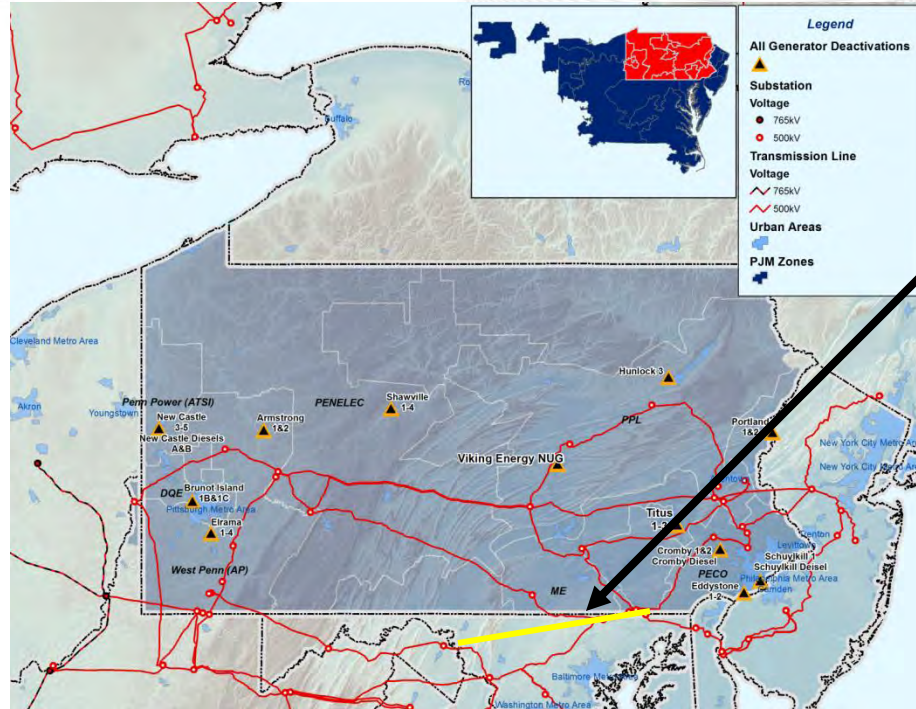


Double circuit 230 kV line identified to resolve reliability criteria violation

Cost:  
R = \$500M

Allocation:

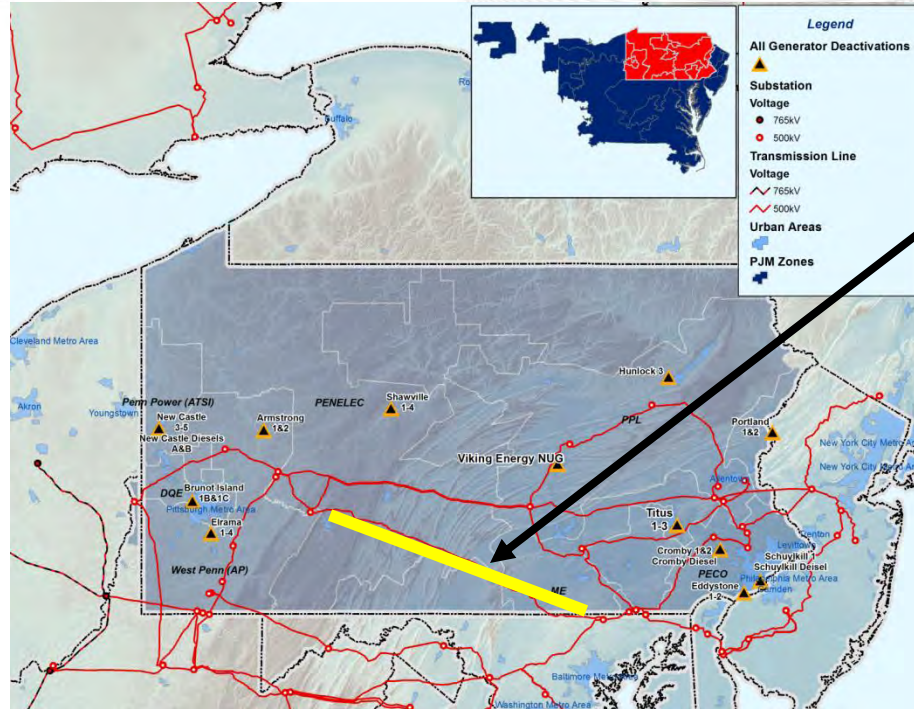
PPL	50% (\$250M)
ME	20% (\$100M)
PSEG	15% (\$75M)
JCPL	15% (\$75M)



Double circuit 230 kV line identified to provide for renewable delivery to Maryland

Cost:  
R = \$250M

Allocation:  
Maryland \$250M



Single circuit 500 kV line identified to resolve reliability criteria violation and provide for renewable delivery to Maryland

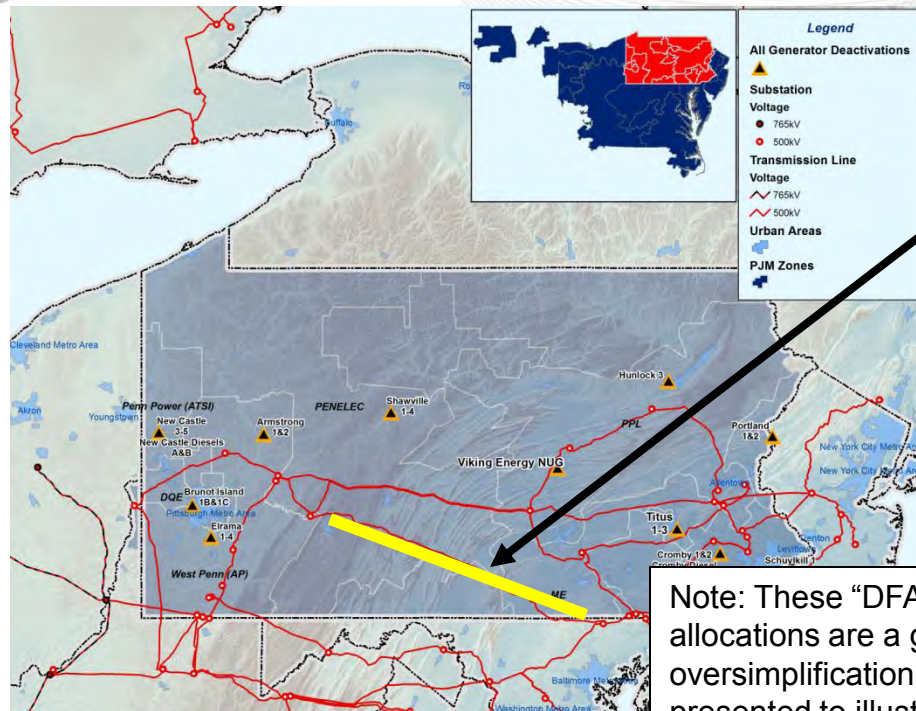
Cost:

$R+PP = \$600M$

Apportionment:

Public Policy \$200M

Reliability \$400M



Single circuit 500 kV line identified to resolve reliability criteria violation and provide for renewable delivery to Maryland

Cost:  
 $R+PP = \$600M$

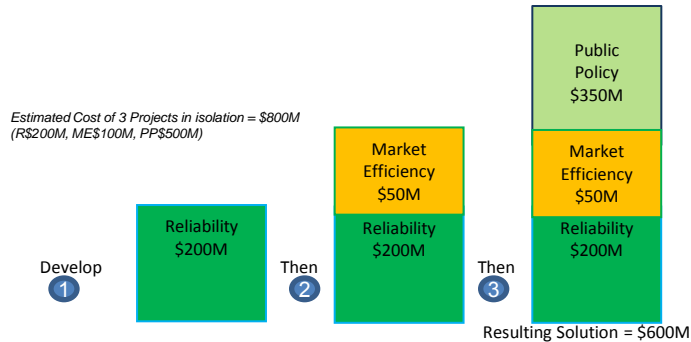
Allocation:

Maryland	\$200M
Socialized	\$200M
BGE	25% (\$50M)
PECO	25% (\$50M)
PSEG	20% (\$40M)
DPL	20% (\$40M)
AE	10% (\$20M)

Note: These “DFAX” allocations are a gross oversimplification and are presented to illustrate how they may change as different projects are considered.

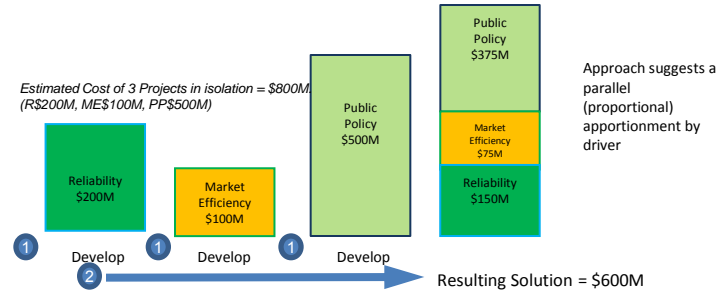
Definition - What constitutes "incremental" versus "non-incremental" treatment of upgrades

- Not an "upgrade<sup>1</sup>," then treated as "Parallel" apportionment
- Benefit/Cost on "standalone" ME project
- No Changes to Cost Allocation



## Incremental Approach

- If an "upgrade<sup>1</sup>," then treated as "Incremental" apportionment
- Benefit/Cost on "upgrade" portion of ME project
- No Changes to Cost Allocation



## Parallel Approach

<sup>1</sup>For discussion purposes – we are defining "upgrade" per FERC Order 1000A

- **Timing of Commitment**

- 24-month cycle is designed to examine proposed projects starting in March of second 12 months and make a recommendation to the Board for approval in October or December
- How long should a Board recommendation be deferred while States consider a Public Policy component of a Multi-Driver project?
  - Delaying past the end of the cycle will result in an incomplete base case (unsolved violations) going into the next RTEP cycle
  - Violations will also exist in base cases for next cycle of interconnection studies

- Timing of Commitment
  - Once a reliability project is approved by the Board, should the States be able to request a change to that project to satisfy Public Policy through a Multi-Driver project?
  - Should a time limit be imposed for such a change or should each project be examined on a case-by-case basis?
    - Impacts on timely resolution of reliability criteria violation must be considered
    - Changes to transmission topology cannot adversely impact interconnection customers – they must be kept whole in analyses



- Treatment of PP Costs for Cancelled Projects
  - How would costs associated with the PP component of a Multi-Driver project be handled if the State chooses to cancel their commitment to the project?
    - Depending on timing, could revert to original reliability-based project
      - Same issues with RTEP and interconnection base cases

- Treatment of Costs Over-runs for Multi-Driver Projects
  - Allocate costs pro-rata across all drivers
  - Attempt to associate cost over-runs with individual drivers on some causations basis
  - Would allocation of cost over-runs differ for incremental projects versus proportional projects?

- Selection of Project Developer
  - PJM will identify developer for Reliability and Market Efficiency projects
  - States will identify developer for stand-alone Public Policy projects
  - What will be State role in developer selection for Multi-Driver projects?

### **Anti-trust:**

You may not discuss any topics that violate, or that might appear to violate, the antitrust laws including but not limited to agreements between or among competitors regarding prices, bid and offer practices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that might unreasonably restrain competition. If any of these items are discussed the chair will re-direct the conversation. If the conversation still persists, parties will be asked to leave the meeting or the meeting will be adjourned.

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