



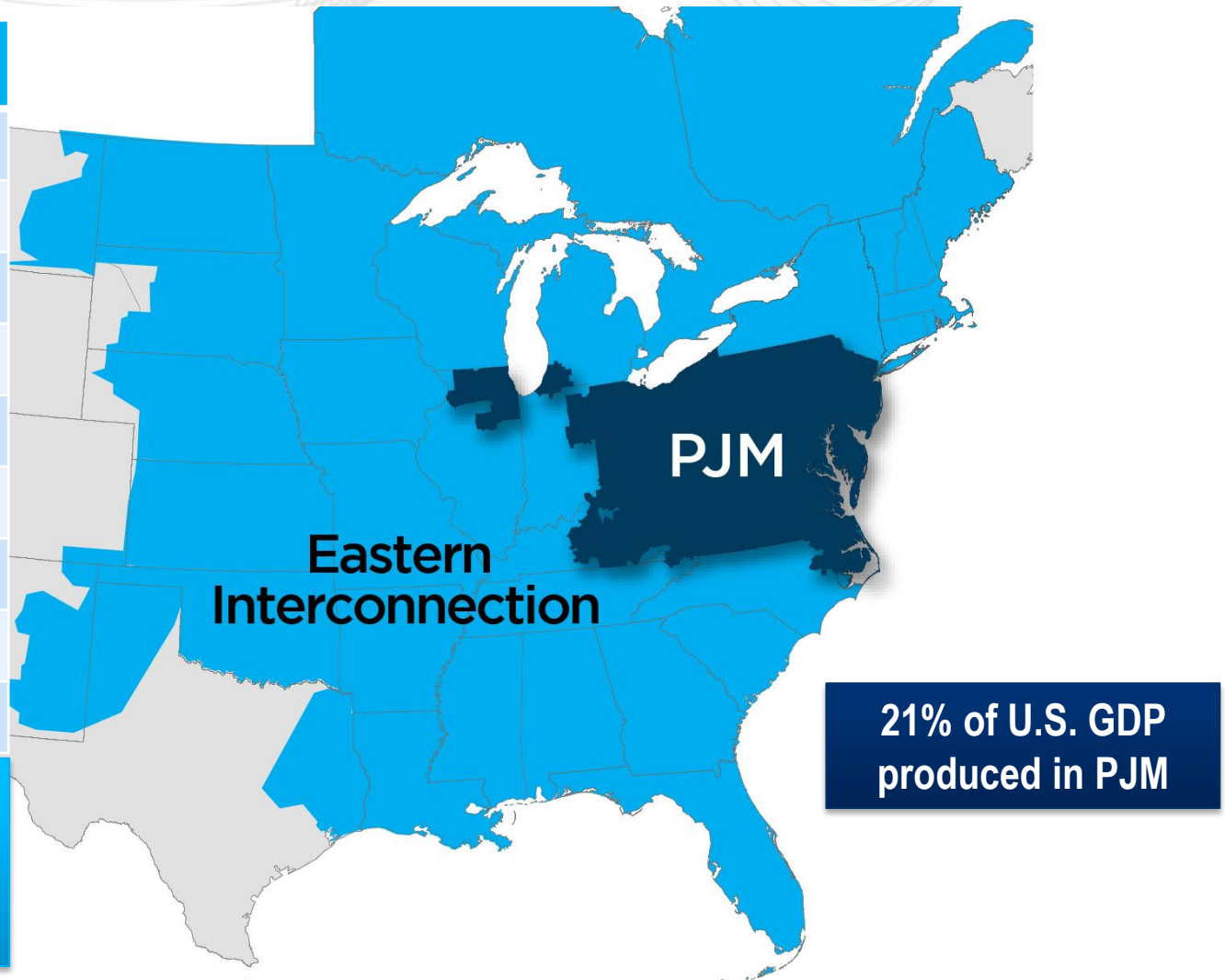
Competitive Transmission in PJM

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Key Statistics

Member companies	960+
Millions of people served	61
Peak load in megawatts	165,492
MW of generating capacity	171,648
Miles of transmission lines	72,075
2014 GWh of annual energy	792,580
Generation sources	1,304
Square miles of territory	243,417
States served	13 + DC

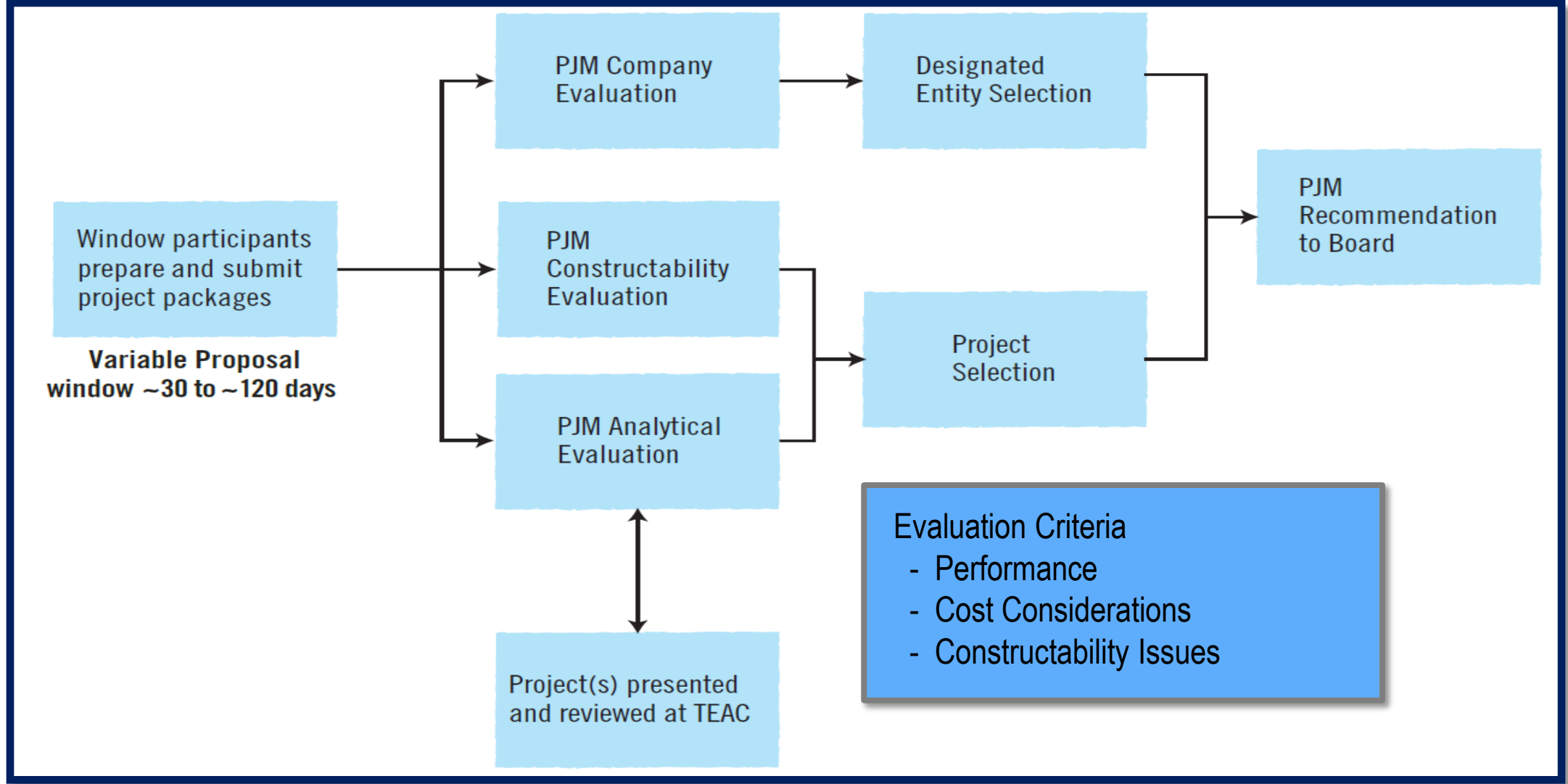
- 27% of generation in Eastern Interconnection
- 28% of load in Eastern Interconnection
- 20% of transmission assets in Eastern Interconnection

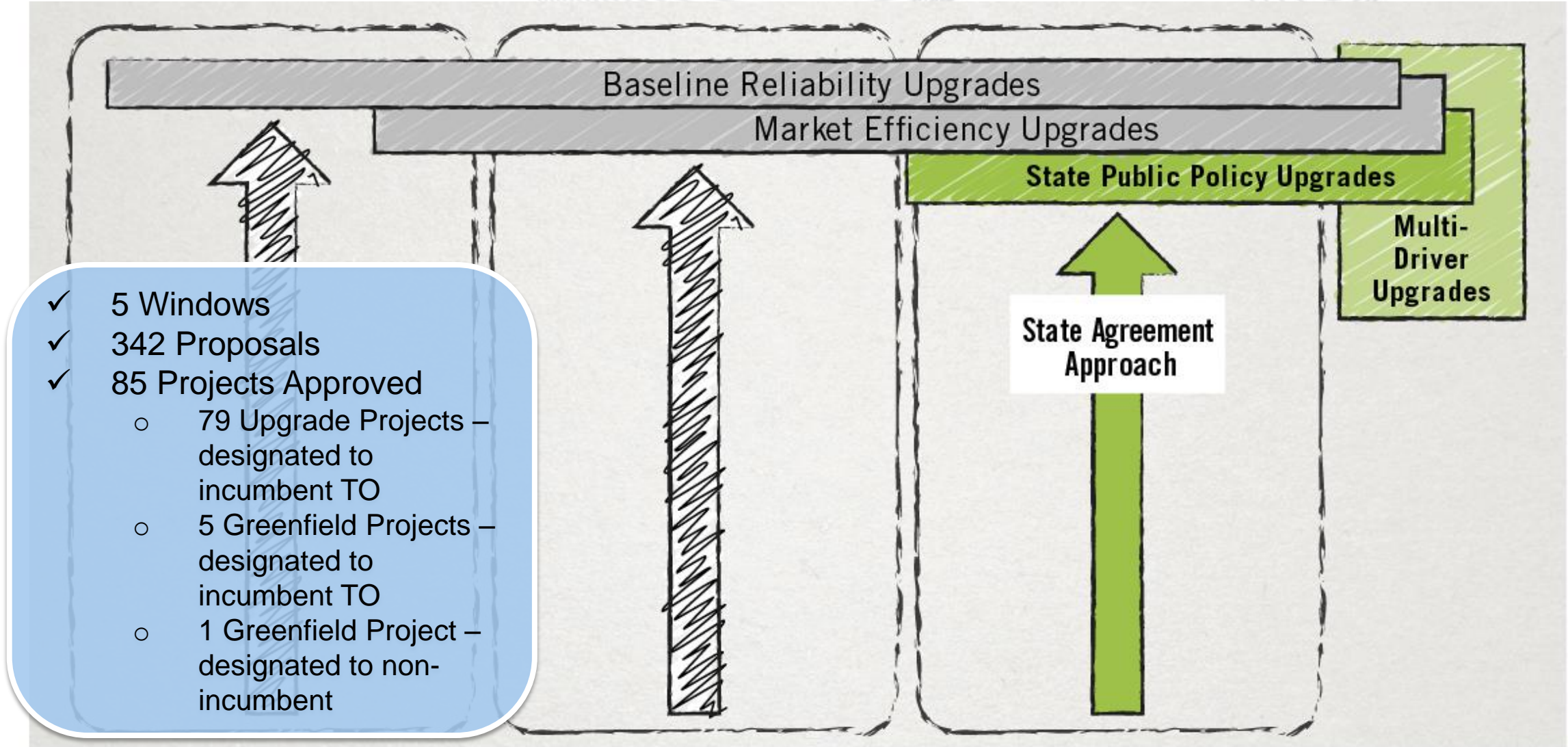


As of 1/2016

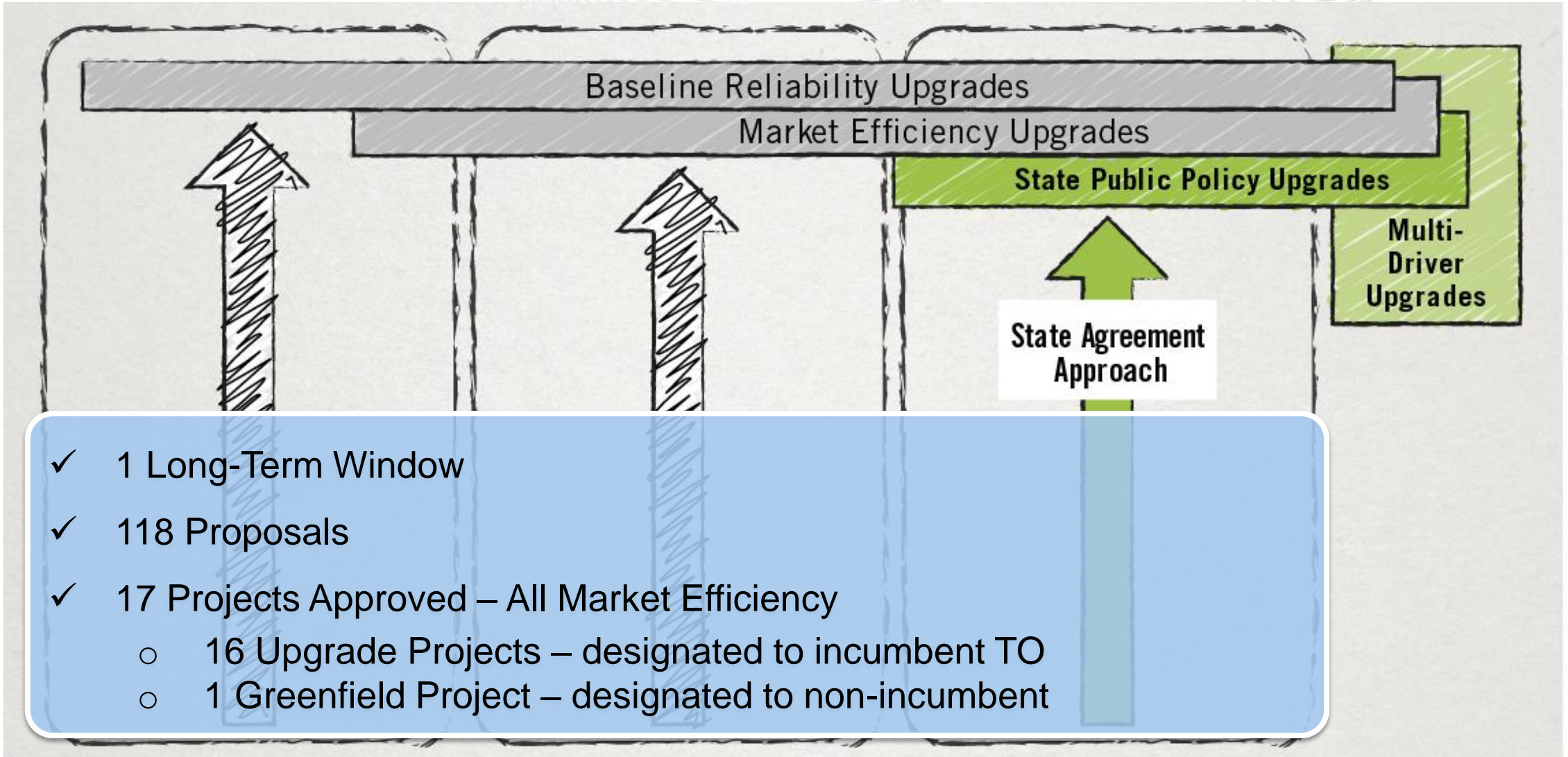
- ✓ Broader range of creative solution alternatives driven by opportunities for developers

- ✓ Savings to customers driven by
 - availability of a broader range of solution alternatives leading to a more cost-effective solution, and
 - competition with respect to cost among prospective developers





- ✓ 5 Windows
- ✓ 342 Proposals
- ✓ 85 Projects Approved
 - 79 Upgrade Projects – designated to incumbent TO
 - 5 Greenfield Projects – designated to incumbent TO
 - 1 Greenfield Project – designated to non-incumbent





Lessons Learned – Lower Voltage Facilities

Previous RTEP data supports that there are few competitive opportunities for cases where the violations are below 200 kV - Of 1,523 Board approved projects, 104 (7%) were greenfield, of which only 13 (<1%) were allocated to more than one zone

Voltage	Quantity	Percent of total	Greenfield	Greenfield Cost allocated to >1 zone	Greenfield Cost allocated to >1 zone ⁽¹⁾
765 kV	25	1.0%	1	1	4%
500 kV	155	5.9%	16	16	10%
345 kV	145	5.6%	26	10	7%
230 kV	742	28.6%	52	15	2%
< 200 kV	1,523	58.8%	104	13	<1%

⁽¹⁾Based on total number of approved projects in the voltage category.

- PJM filed changes to the Operating Agreement to exempt below 200 kV violations from the proposal window process
- Operating Agreement language identified exceptions to the exemption for clusters of violations in a given area or for violations driven by a common contingent element
- Language preserves competition for below 200 kV violations that may result in a greenfield project.

- A significant number of the projects in the PJM RTEP are upgrades to existing substation facilities
- Upgrades to existing facilities are reserved to the transmission owner
- Expect to file changes with the FERC first quarter 2017



- Cost allocation issues are factoring into the stakeholder debate about proposals as parties attempt to influence our decision making based on who will pay rather than which project is more cost-effective
- The length of the decision making process is putting pressure on the RTEP schedule as well as entities requesting longer windows
- Transparency requirements are lengthening the evaluation process and have significantly increased the workload associated with each phase of the RTEP cycle
- PJM will continue to manage workload and look for ways to make the process more efficient by reducing the range of projects applicable to the sponsorship model
 - Consider eliminating the sponsorship model and solicit bids for only selected projects