

TRANSMISSION PLANNING AND COST ALLOCATION GENERAL PRINCIPLES

PJM TRANSMISSION OWNERS

APRIL 14, 2020

WELL-ESTABLISHED TRANSMISSION PLANNING PRINCIPLES

1. Reliability and Market Efficiency Benefits Analysis Comes First
2. “Sponsorship” Model approach
3. Beneficiary Pays
4. Cost Allocation Properly Follows Planning
5. Order No. 1000 Obligation
 - **Inherent with this obligation is the need to establish and implement transmission planning principles prior to assessing costs in order to properly determine who pays.**
 - **FERC Openness and Transparency Analysis for Planning Different From “Just and Reasonable” Cost Allocation Analysis**
6. TOs Implement Rate Design in Response to Planning
7. Non-Incumbents vs Merchants

CLEARING UP ANY CONFUSION

Cost Allocation Will Be Taken Up Upon MRC Action

Recent Market Efficiency Examples:

TMEPs (2016–17)	Mkt Efficiency B/C Ratio Change (2019–20)
JOA amendments filed: 12/30/2016	Schedule 6 Amendment filed: 10/10/18
PJM Stakeholder Notice: February 2017	FERC approval: 2/19/19
PJM Cost Allocation filed: 4/17/17	TO cost allocation filed: 1/13/20
FERC Approval: 10/3/17	FERC Approval 3/4/20

Multiple Cost Allocation Packages Are Not Developed to Address Multiple Planning Package Proposals

Planning is Blind to Cost Allocation