

Order 1920 Process and Goals

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Achieving the purposes of Order 1920 should drive compliance and implementation decisions.

“In this final rule, the Commission requires transmission providers to conduct Long-Term Regional Transmission Planning that will ensure the identification, evaluation, and selection, as well as the allocation of the costs, of **more efficient or cost- effective regional transmission solutions to address Long-Term Transmission Needs.**”

Process

- There is a lot of work to be done
 - Compliance with and implementation of Order 1920 requires massive changes to PJM's existing transmission planning processes
- The stakeholder process should be transparent, open, and iterative
 - **Transparency:** stakeholders need a clear understanding of what data and models PJM uses
 - **Openness:** stakeholders should have the opportunity (like today) to present ideas and provide feedback
 - **Iteration:** PJM should use stakeholder feedback to craft its compliance and implementation processes

Least-regrets planning

- Scenario planning should be done with least regrets
 - Select the best set of projects to get the most value in uncertain world
- Least-regrets planning should not mean selecting only projects common to all scenarios
 - Requires an iterative process and recognition that sometimes projects are so important to certain scenarios that might be selected even if they are suboptimal for other scenarios
- Portfolio planning can improve least-regrets scenario planning
 - This might mean changes to the sponsorship model

Look to other regions for lessons learned

- PJM's planning process will not match any other region's processes 1:1
- There is still value in looking to other parts of the US and abroad that have experience with aspects of the long-term planning required by Order 1920
 - CAISO, MISO, NYISO, SPP
 - Australian Electricity Market Operator

Areas of focus

We can't meet the goals of 1920 without getting these right

- Data requirements
- Scenario development
- Alternative transmission technologies
- Project evaluation and selection

Data requirements

- PJM must meet its requirement to use the best available data for planning
- Using the best available data will lead to the best results and avoid bad outcomes
- Stakeholder input is not only required by Order 1920, but will yield the best results
 - This requires a transparent process that allows stakeholders to provide input throughout not only the compliance process but also during each planning cycle
- See Nick Lawton's presentation later today for more details

Scenario development

- PJM must use multiple scenarios that each include the seven inputs required by Order 1920
- PJM must use these scenarios to identify needs and to evaluate solutions
- Developing and using the best scenarios requires input from stakeholders in a transparent, open, and iterative process.
- See Claire Lang-Ree's presentation later today for more details

Alternative transmission technologies

- To meet the goals of cost-effective long-term transmission planning, alternative transmission technologies must be on equal footing with traditional transmission technologies
 - They must not be an afterthought in the planning process
- When evaluating potential projects, PJM must conduct an analysis to determine if alternative transmission technologies could meet the same need at least cost
 - This is especially important under the sponsorship model
- See Claire Wayner's presentation later today for more details

Project evaluation and selection

- No matter how good the data and scenarios, the planning process cannot succeed without a robust project evaluation and selection process that includes significant stakeholder input
- A portfolio approach can help ensure that the best set of projects is selected in each planning cycle
- PJM should use a minimum benefit-cost ratio of 1.25
- PJM, in consultation with stakeholder, must create methods for valuing benefits
- See Tom Rutigliano's presentation later today for more details

Thank you!

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