PJM FERC Order 1920 compliance:

Incorporating State Policy Goals; Generator Interconnection Considerations

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Long-Term planning overview

- PJM has an immediate need for long term least-regrets planning
- PJM is long past due for having a wholistic transmission planning regime
- Order 1920 sets a strong foundation for effective long-term regional transmission planning, and PJM should proceed on an aggressive timeline and not be distracted by potential challenges to 1920 compliance
- Wholistic long term transmission planning is an imperative to ensure reliability, economic growth, facilitate the clean energy transition, and support state policy goals
- While the scope of this presentation is limited to incorporating state policy goals and generator interconnection, United and MAREC Action strongly support compliance with all other provisions of Order 1920

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State Policy Considerations

- PJM needs to work with states to create a clear framework and set of criteria for when and how policy considerations are included in the LTRTP
  - Need a clear and transparent framework for including ALL relevant state policy goals
  - Comprehensive policy goals to include generation and demand side - - not just RPSs. Could include guidance on permitting and siting.
- This would also give legislators clear guidance on how to design new legislation so they know transmission will be there to meet their goals
- States and PJM need to work together in an unprecedented way to ensure success

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Order 1920 and Generator Interconnection

- The Commission devoted a separate stand-alone section to interconnection and transmission planning, a good indication of the importance of this topic
- Regardless of the eventual fate of Order 1920, we believe this reform will stand, as the Commission has shown it is dedicated to interconnection reform and therefore, work on this issue should be on its own individual track, not dependent on the outcome of other LTRTP discussions
- As noted in the PJM education materials, Order 1920 requires PJM to consider network upgrades arising from the generator interconnection process within its Order 1000 processes
- PJM is currently in the middle of a transition from a serial study process to a cluster study process; 3 clusters will be processed over the next 3-5 years
- These clusters are large and seem to only be getting bigger; about 60 GW in TC1; 74 GW in TC2; over 70 GW already in C1 with applications continuing to come in
- The network upgrade costs are going to be significant – the P1 SIS for TC 1 was completed in May and system reliability network upgrades costs for the cluster totaled almost $10 billion
- The upgrade costs are more than many projects will be able to bear and the upgrades triggered will have benefits beyond those accruing to the interconnecting generators

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Order 1920 and Generator Interconnection

- We are in the midst of a transition – both in the types of resources we use and also, from a mostly flat load growth to a rapidly increasing load growth scenario
- PJM has an opportunity to utilize the information coming out of these compressed schedule clusters
- The cluster studies can provide important information on where/when/what additional resources are locating and where the transmission system needs additional capacity
- Order 1920 notes that generator interconnection, Order 1000 and Order 1920 LTRTP processes can all be combined into a single planning process
- Acknowledge this may be complicated and take a long time to figure out but we urge PJM to develop a regime that does provide greater coordination between the three; where interconnection studies inform RTEP which then inform LTRTP with clear criteria and thresholds for when upgrades are 'bumped up' from one level to the next
- The Commission has already provided the criteria for when upgrades should move to the RTEP and a good start would be for PJM to examine the results of the cluster studies coming over the next few years

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A note on gaming concerns

- Concerns about developers gaming the system have been expressed
- These concerns were also in comments to the NOPR
- FERC addressed these concerns in Order 1920 (IV.A.4. p788-9)

*"We **disagree with commenters that the requirements adopted herein will incentivize gaming** by interconnection customers to include interconnection-related network upgrades in the regional transmission planning process. We also disagree with commenters that claim that interconnection customers will submit spurious interconnection requests. Interconnection requests require significant financial commitments from the interconnection customer (e.g., application fees, study deposits, and site control requirements), which the Commission made more stringent in Order No. 2023, and therefore **we find it unlikely that an interconnection customer would submit multiple interconnection requests (in multiple queue cycles) in order to trigger this requirement** because of the possibility that transmission providers may eventually develop an interconnection-related network upgrade by selecting it in a regional transmission plan for purposes of cost allocation. **An interconnection customer would face several risks in pursuing such a strategy,** including the risk that the regional transmission solution for the interconnection-related transmission need is not selected, and the risk that the newly created interconnection or transmission capacity is allocated to a different transmission or interconnection customer."*

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Contact and Resources

Unlocking America's Energy: How to Efficiently Connect New Generation to the Grid *(Grid Strategies and The Brattle Group for Advanced Energy United and SI2): https://blog.advancedenergyunited.org/reports/unlocking-americas-energy* . This paper provides no-regrets recommendations to better align proactive transmission planning and the generator interconnection process.

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