

Capacity Interconnection Rights Transfers

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Presentation to Public Interest Environmental
Organizations Users Group

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CIR transfers can help to address numerous issues facing the PJM region



Energy Transition in PJM:
Resource Retirements, Replacements & Risks

Feb. 24, 2023

For Public Use

- PJM is expecting a large number of generation retirements, yet the interconnection queue and transmission construction timelines serve as barriers to new entry.
- Efficient CIR transfers can bring replacement generation online more quickly.

*PJM leadership recognized the benefits of a “generator replacement process” in 2023 annual meeting presentation. Needs to prioritize and fully resource CIR transfer efficiency work.

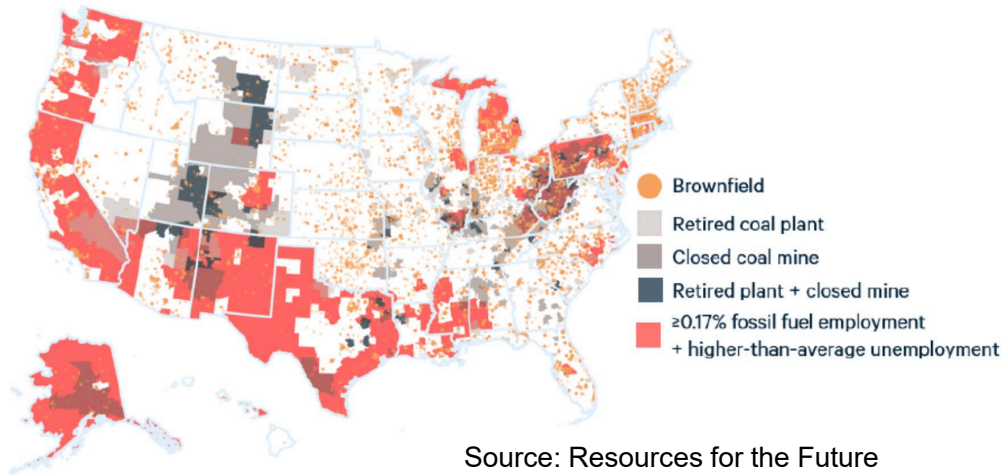
“These same delays are also making it harder for legacy plants that are going offline, like Homer City, to be re-invented in ways that maintain jobs and continue to be assets for their local communities. A faster pathway to re-connection for previously shut down sites needs to be implemented . . .”

- Pennsylvania Governor Josh Shapiro, May 16, 2023 Letter to PJM Board of Managers

**An efficient CIR transfer
process will attract
investment to the PJM
region**

Federal IRA incentives make the “clean repowering” opportunity even more attractive

Estimate of “Energy Communities” as Defined by the Inflation Reduction Act



Energy community tax credit bonus

- 10% adder to ITC or PTC
- Would apply to replacement resources as they would be sited close to retiring generation

Energy Infrastructure Reinvestment (EIR) loan guarantees

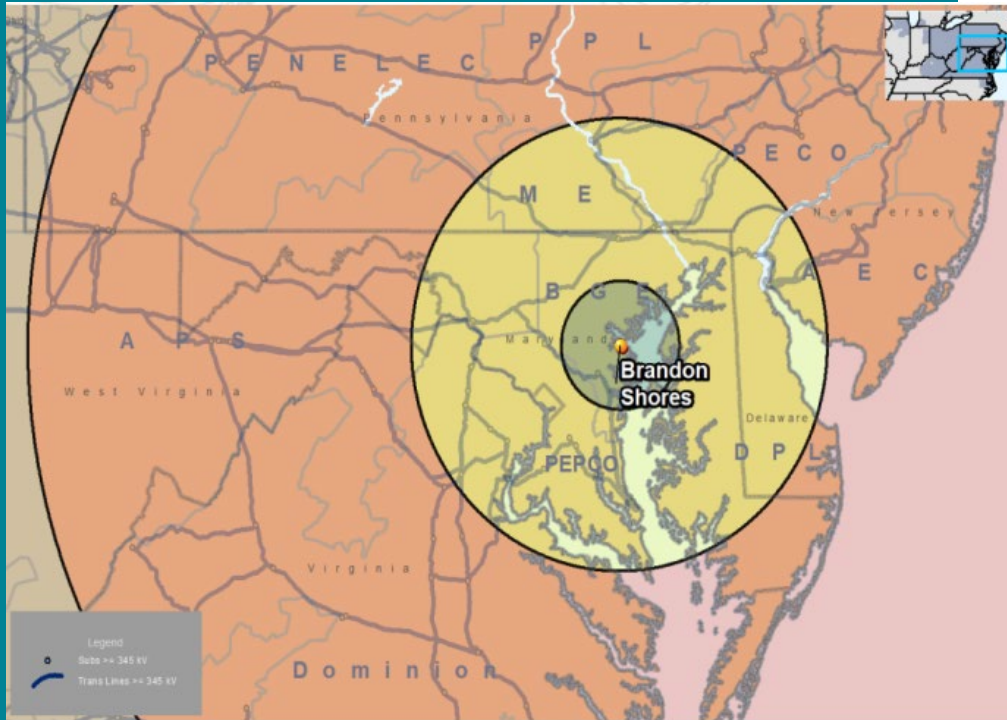
- Generation owners can leverage EIR financing in a variety of ways: plant decommissioning, site remediation, clean energy project finance

**Well-functioning CIR
transfer process can help
to avoid lengthy RMRs**

Replacement resources at site of retiring generation may be able to address reliability issues

But . . . current CIR transfer process doesn't facilitate this:

- Studies don't begin until deactivation notice submitted
- Replacement resource still has to wait in the interconnection queue
- PJM ignores CIR transfer when examining need for transmission upgrades



Source: PJM Interconnection, June 6, 2023 TEAC

Existing CIR Transfer and Transmission Planning Processes Need Reform to Capture Benefits

Near-term reforms needed

- **Fast-track process** to allowed transferred CIRs to be studied and reused as quickly as possible. Makes no sense to have transferred CIRs sit unused for years.
- Enable transfers of CIRs to **energy storage**
- Ensure that CIR transfers are **accounted for in other transmission planning processes**
- Improve **transparency** regarding CIR transfers
- **Engage with states** on CIR transfers where retiring generation facilities may create reliability issues

Forums: Interconnection Process Subcommittee, Enhancing CIR Transfer Efficiency PS/IC; Deactivation Enhancements Senior Task Force; Long-Term Regional Transmission Planning

Longer-term reform: PJM should support *competition* in transfers of CIRs to reduce incumbency advantage, provide greatest value to consumers

Thank you!

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