

**June 24, 2024**

Mr. Mark Takahashi. Chair, PJM Board of Managers  
Mr. Manu Asthana. PJM President and CEO

PJM Interconnection L.L.C.  
2750 Monroe Boulevard  
Audubon, Pennsylvania 19408

Dear Chairman Takahashi and Mr. Asthana,

We represent a coalition of stakeholders who have been actively engaged in PJM's conversations around transmission planning over the past years, as well as FERC's recent rule on transmission planning and cost allocation, Order No. 1920. We are writing to express our expectation that PJM will seize this moment to quickly begin a robust long-term planning process that facilitates a more reliable and affordable grid while meeting the requirements in Order No. 1920.

Order No. 1920 presents a significant opportunity for PJM. We appreciate the work that PJM staff has put into developing its Long-Term Regional Transmission Planning (LTRTP) process, but to ensure the region adopts a comprehensive planning process and to make the most effective use of stakeholder and PJM's resources, we urge the Board to direct PJM to shift its current LTRTP proposal to focus on Order No. 1920 directives. By swiftly updating LTRTP to align with Order No. 1920, [PJM can quickly begin a long-term transmission planning process](#) that addresses reliability concerns and benefits ratepayers, businesses, and the broader economy.

To that end, we believe that several portions of PJM's request for rehearing and clarification at FERC on Order No. 1920 filed earlier this month miss a key opportunity to ensure long-term planning in PJM is proactive and comprehensive in a way that benefits ratepayers, businesses, and the broader economy. Specifically, we are concerned that PJM's recent rehearing request to FERC suggests that PJM may seek to avoid implementing some important components of Order No. 1920. While we will all await the outcome of FERC's rehearing order, we think failing to adopt these important and beneficial requirements of the final Order would be short-sighted, and urge PJM to work expeditiously toward full compliance.

Specifically, we see the following opportunities:

1. **Under Order No. 1920, Scenario Planning Is Independent of Cost Allocation:** The proposed PJM LTRTP process currently contains only a single baseline scenario eligible for regional cost allocation, with other critical needs such as state policies relegated to secondary scenarios not eligible for regional cost allocation. Order No. 1920, by contrast, requires scenarios in LTRTP to be developed independent of cost allocation methodologies. To comply with Order No. 1920, PJM must adapt its LTRTP scenarios to fully account for a range of possibilities, including all seven factors required by Order

No. 1920. This must be done without predetermining the scenarios' cost allocation, which will be developed in parallel as mandated by FERC.

2. **Include Broad Criteria Beyond Reliability:** PJM's LTRTP planning is currently focused solely on reliability, to the exclusion of other important criteria. Order No. 1920 directs integrated transmission planning that considers reliability, economics, retirements, and policy as a coherent whole over a 20-year horizon. This approach can maintain reliability and provide new, cost-effective solutions for consumers. PJM should quickly follow FERC's lead and move beyond the current siloed approach to include all the Order No. 1920 criteria in LTRTP, not just reliability-based solution identification.
3. **Facilitate Negotiation of Cost Allocation and State Agreements:** PJM should use Order No. 1920 as an opportunity to reach a much-needed agreement among stakeholders on cost allocation for long-term planning. PJM is ideally situated to run an inclusive and efficient stakeholder process to assist development of the tariff changes required by Order No. 1920. We urge PJM to work with its Transmission Owners to ensure that an inclusive stakeholder process is created to align on a cost allocation methodology. Notably, LTRTP's current reliance on the State Agreement Approach (SAA) must be avoided—the SAA is non-compliant with Order No. 1920 as it does not align with Order No. 1000 principles. To date, the SAA's reliance on voluntary state payments has resulted in an underbuild of critical transmission infrastructure. States in PJM's service territory, aided by significant investments from the federal government and private industry, are rapidly building new clean energy projects. Ignoring these developments during the transmission planning process is not compliant with Order No. 1920. As evidenced by Gov. Murphy's recent [announcement](#) to pause on its second SAA solicitation for offshore wind, it is incumbent on PJM to coordinate new resources coming online without concentrating costs on a single state.

We urge PJM to comply with the order in a timely manner [by initiating Order No. 1920 compliance](#). We commend PJM's proposal at the June 4th Planning Committee meeting to begin this assumptions process in early 2025 but believe that action can be taken even sooner on this. In parallel to the assumptions and scenario development, PJM should continue working with states and other stakeholders on achieving rapid compliance with Order No. 1920, including determining benefits quantification, project evaluation criteria, and incorporation of advanced transmission technologies outlined in Order No. 1920. Additionally, we encourage PJM to make every effort to facilitate Transmission Owner, state, and stakeholder engagement in the cost allocation six-month Engagement Period required by Order No. 1920.

Scenario planning can commence now, thanks to PJM's pursuit of LTRTP, but Order No. 1920 highlights the need for changes beyond PJM's proposed LTRTP to achieve full compliance. Thank you for your attention to these important matters. We look forward to continuing our collaborative efforts to enhance the transmission planning process for the benefit of all stakeholders in the PJM region.

Sincerely,

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David Gardiner and Associates  
On behalf of Americans for a Clean Energy Grid

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