

Supporters of Gen Tie Amendment Motion

Interconnection Process Reform

PJM Members Committee

May 17, 2022



Photo Credit:
Wind Energy of Texas

We are concerned about a very real but uncommon situation: 100% for gen ties rule killing viable projects

- The circumstance we want to avoid is that a developer has all but one small parcel on the gen tie routing, but are missing a small final piece of connectivity that forces the entire project out of the queue
- Moving from a 0% gen tie requirement to 75% (or as we are offering, even 90%) is a good and beneficial reform to weed out speculative projects
- However, moving to a full 100% requirement is a punitive structure and begins to kill viable projects that are working to overcome very real but addressable challenges and surprises

Amendment Motion: 90% gen tie site control at decision point 3

Such Site Control evidence shall cover ~~100~~ 90 percent of the linear distance for the identified required Interconnection Facilities associated with a New Service Request.

What are “gen ties” and why are they important?

Defined term	Description	INTx Reform Site Control Requirement at Decision Pt 3 (ISA)
Interconnection Facilities	“Gen ties” - High voltage lines connecting generation to PJM system. These can be .1 to 20+ miles depending on project	100%
Generating Facility	Main elements of the project	100%
Interconnection Switchyard	Point of Interconnection to the PJM system	100%

Purpose of amendment: Gen ties routing should be near-final, but allowed to be completely finalized after all else is final. Requiring 100% creates a punitive structure that does not recognize the realities of PJM project development. 100% requirement will particularly fall on generation with long gen ties and is discriminatory

We support a big move to higher readiness requirements

- Nothing should be construed here to suggest Supporters prefer the status quo
- Supporters of Gen Tie Amendment support core of PJM INTx Reform package approved at MC on April 27 and oppose the status quo
- Supporters believe that amendments discussed at April 27 meeting now deserve consideration and vote prior to PJM filing and hope for a smooth process at FERC
- Supporters encourage PJM Board to expeditiously move forward to file reforms at FERC

Project B example demonstrates real world issues developers face in PJM, could be terminated for

Gen Tie easy

- Project A is 1 mile from transmission, only has to navigate 3 land owners.
 - Outcome: Easy to accomplish by DP3

Gen Tie hard, but achievable with time

- Project B is 10 miles from transmission system, requires navigating 10 landowners, plus a train track crossing requiring a county permit, and recent death in a landowner family requiring change of title. Difficult to finish by DP3
 - Outcome: After hundreds of staff hours and millions of dollars of investment, all 10 of these have been accomplished, except 1, which requires 1 more year to complete.
 - **PJM will terminate project**

Summary: Amendment maintains high readiness requirements, creates equity

- **At the April MRC/MC, we offered an amendment and coming back for a vote.** The amendment came at the end of a very extensive process, and was never fully considered and voted upon. Now that the main PJM INTx Reform package has been approved, we offer this amendment to make a key, surgical update.
- **Amendment is to replace gen tie site control at Decision Point 3 of 100% with 90% instead.** This is a compromise and up from 75% we originally proposed at April MRC. Balanced approach recognizes concerns we heard that 75% is too low.
- **100% was deemed unreasonable by FERC for SPP/MISO. Let's fix this now.**
 - We recognize and support that under the PJM INTx Reform, the full 100% can be pushed at max to 6 months after executing the ISA.
 - However, we have now seen situations including a railroad or water crossing or title change that require an agency approval or county permit and can take longer than 6 months – the key issue is the %% to allow some time flexibility.
 - Therefore the 100% should be surgically fixed to 90% to allow these gen tie cases to be resolved.

Frequently Asked Questions

- Does the PSEG/DOM/Orsted Offshore wind amendment accomplish the same goal?
 - No, which is why this gen tie amendment is needed. The spirit of developing equitable rules is similar and thus relevant: **Offshore amendment** describes non-standard sites and permits to demonstrate site control. **Gen tie amendment** deals with the issue of timing to obtain the last mile for gen ties, which often will impact projects in remote areas the most.
- Can this concern just wait until after queue reforms are approved by FERC ?
 - We strongly prefer to get this right now. FERC rejected a 100% requirement in MISO/SPP. Developers face situations now that warrant a requirement below 100%. Reforming this package now makes it more reasonable to FERC.

Supporters of Gen Tie Amendment Motion

- BayWa r.e. Solar Projects LLC
- Enel North America/Enel Green Power NA
- Jupiter Power
- Recurrent Energy

Contact

Brian Kauffman, Director – PJM Lead, Regulatory Affairs, Enel North America

Brian.Kauffman@enel.com

Appendix

Development is complex and challenges can arise that need time to resolve

- As a result of INTx Reform, developers will be leasing more land earlier in the process than ever before and providing millions more dollars of at-risk security to PJM
- With the new requirement going from 0% to 50% gen tie site control by decision point 1 (~8 months after application), developers will have talked with most of the relevant landowners by then
- However, challenges can arise later on securing “the last mile” to PJM grid and need time to resolve. Zero flexibility is overly burdensome

What are examples of small, challenging cases to be resolved?

- Developers commonly encounter situations in which landowners have issues on their title which preclude them from signing a lease/easement.
 - Examples include clouds on title, deaths in the family, transitions of estates, probate
- Developers commonly need to cross lands to connect to the PJM system
 - Lands are often publicly permitted & which require moving through county and state processes
 - Examples include water lines, gas lines, train tracks, bodies of water
- When gen-ties are 10+ miles in length, the likelihood of encountering these issues significantly increases

Solutions for overcoming gen tie issues are highly achievable, but take time and flexibility

- Hitting site control issues can happen at the very end of development near ISA
- Solutions include:
 - Going around the problematic parcel. Depending on the adjacent land, this may require acquisition of several lots
 - Awaiting action by county and state officials
 - Other legal resolutions

These issues just take **time** to resolve. These projects are **real** and should retain their ISA status while resolving

FERC precedent in MISO, SPP supports 75%, not 100%. 90% is significant compromise

d. Commission Determination

99. We accept MISO's proposal, subject to condition, and direct MISO, in its compliance filing to be submitted within 60 days of the date of this order, to submit Tariff revisions that: (1) reduce the site control requirement to 75 percent from 100 percent; and (2) insert Tariff language as proposed in its answer, as discussed above.

On the first issue, we agree with MidAmerican that obtaining 100 percent site control may be challenging for a developer that must control numerous small parcels of land. We find that a 75 percent threshold allows for both enough certainty that the developer plans to complete the project and for the flexibility needed by the developer to accurately site its construction. On the second issue, we find that it would be unjust and unreasonable to require site control at a stage of the interconnection process that would be in conflict with state easement requirements. The Tariff language MISO proposes in its answer allows for the flexibility developers need to meet varying state regulatory obligations. As MISO is a large, multi-state RTO, we find that this type of flexibility can allow developers in different regulatory environments to meet both MISO's requirements and those of their home states. Accordingly, we direct MISO, in its compliance filing to be submitted within 60 days of the date of this order to submit such Tariff revisions.