

## **Issue Charge - Designated Entity Agreement Review**

### **Issue Source**

Delaware Division of the Public Advocate and the New Jersey Division of the Rate Counsel

### **Issue Content**

This effort is intended to:

1. Ensure that the terms of the *pro forma* Designated Entity Agreement (DEA) contained in Tariff Attachment KK are appropriate to ensure the appropriate consumer protections are followed by entities assigned construction responsibility for a Regional Transmission Expansion Plan (RTEP) project.
2. Address which provisions of the existing DEA should continue to apply to all RTEP projects and which provisions may no longer be necessary.

### **Key Work Activities and Scope**

1. Education on the following topics specific to the DEA:
  - a. Typical project development and construction schedule steps and milestones.
  - b. Similarities and the differences (and rationale for those similarities and differences) between the *pro forma* DEA, relevant Consolidate Transmission Owners' Agreement (CTOA) provisions, and Construction Responsibility Letters.
  - c. Relevant past stakeholder discussions where the current DEA policy was developed and any information regarding those materials (e.g. why was three percent selected as the appropriate amount for the letter of credit?)
  - d. Relevant FERC Proceedings.
  - e. Status quo policies and expectations for DEAs.
  - f. Comparison of the application of any ambiguities in the current Operating Agreement (OA) provisions.
2. Develop enhancements to the *pro forma* DEA in Tariff Attachment KK.
3. Discuss appropriate use and application of the DEA, and develop any appropriate revisions to OA Schedule 6, section 1.5.8.
4. Consider a cost benefit analysis of the different solution options and implications of the different solution options.

### **Expected Deliverables**

Potential revisions to Tariff Attachment KK and/or Operating Agreement, Schedule 6, section 1.5.8 as necessary.

### **Out of Scope**

1. Revisions to the competitive proposal process outside of the DEA provisions.

**Decision-Making Method**

Tier 1, consensus on a single proposal

**Stakeholder Group Assignment**

Special Sessions of the Planning Committee, with independent PJM facilitation team.

**Expected Duration of Work Timeline**

5 months

- Priority Level – High
- Timing – Immediate
- Meeting Frequency – Approximately every three weeks

**Charter-no**