



PJM LTRTP and Order 1920 Compliance

Presentation to PJM Planning Committee

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LTRTP as written has some fundamental disconnects with Order 1920

- Scenarios must be restructured to not be designed around project drivers (e.g., one base reliability scenario and one policy scenario)
 - Order 1920 makes it clear that all scenarios must combine reliability, economic, and public policy drivers.
- Cost allocation in LTRTP must be redesigned to comply with Order 1920/1000 beneficiary pays principle
 - Order 1920 requires costs be allocated commensurate with benefits, which the State Agreement Approach does not do
- Generator deactivation impacted by economic considerations should be moved into scenarios, not sensitivities
 - FERC requires scenarios to capture the full range of plausible future outcomes
- Expand language on analysis of scenarios to include full range of benefits and factors included in Order 1920

PJM's LTRTP aligns with parts of FERC Order 1920, but key changes must be made

FERC Order 1920	PJM LTRTP Proposal	Changes PJM Must Make
Three robust scenarios	Discussed on slide 5	
Seven minimum benefits	Four benefits	Add three remaining benefits
Default <i>ex ante</i> cost allocation methodology required along with State Agreement Process option	Combination of regional reliability methodology and State Agreement Approach	TOs can work with PJM to develop a default <i>ex ante</i> methodology that complies with Order 1000 (cannot use State Agreement Approach)
Requires consideration of several Alternative Transmission Technologies (ATTs)	No mention of ATTs	Mandate consideration of ATTs in solution proposals submitted by transmission providers
Requires consideration of right-sized solutions	Limited consideration of right-sizing option in RTEP today	Clarify how right-sizing will be included in LTRTP solution consideration and selection

LTRTP Next Steps

- The first phase of LTRTP is scenario development: developing assumptions and building cases.
- LTRTP scenarios are different from Order 1920 requirements in many ways. (More on next slide)
- PIOs are concerned that starting an LTRTP cycle with less rigorous scenario requirements will lock PJM in to a 3 to 4 year delay in Order 1920 compliance.
- At the same time, rapidly emerging system needs push PJM to start planning now.

Recommendation: PJM can and should use its existing planning authority over scenario planning to begin Order 1920-consistent scenario development in the very near future.

LTRTP Scenario Changes PJM Can Do Now

FERC Order 1920	PJM LTRTP Proposal	Changes PJM Must Make
Twenty year horizon	Fifteen year horizon	Increase to twenty years.
Three scenarios minimum	Three scenarios	Reshape scenarios to not depend on cost allocation methods
At least one sensitivity per scenario	Has sensitivities as options	Add one sensitivity per scenario
Seven factors for scenario development	Includes federal and state policies, generator retirements, queue requests	Modify inputs to align with FERC factors: add policies, economics, retirements, corporate commitments.
All scenarios consider all factors	Scenarios structured around cost allocation	Adopt Order 1920 structure