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# Transition Option Proposal

**Kevin Kilgallen**

**Director – Policy, Regulation, and Markets**

**[kevin.kilgallen@avangrid.com](mailto:kevin.kilgallen@avangrid.com)**

**610-425-0824**

## Avangrid Renewables' View on the IPRTF Efforts

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- Appreciate the work of all stakeholders in developing an optimal solution
- Believe moving to a cluster queue structure should provide for more efficient process than today
- As with any changes to market rules, stakeholders face the challenge of developing a “reasonable” plan to transition from current to new
  - Vague terms such “reasonable”, “fair”, or “equitable” can’t be defined to any certainty in this case but PJM members must decide what proposal best balances the interests of generators, buyers, end-use customers, transmission and distribution owners, and states
  - FERC is the ultimate arbiter but what PJM files at FERC should reflect these diverse interests while maintaining reliability, which is Job #1
- We agree with PJM that there should not be an immediate and complete cutover to the cluster process but some consideration for interconnection customers currently in the queue
  - PJM’s Sep 20 IRPTF proposal was to allow projects that met the follow criteria to remain in the serial process:
    - Projects in queues AD2 and earlier OR
    - Projects that have received a facilities study by the time of the FERC order (timing was inferred)

# Reasoning Behind Our Transition Option Proposal

- Determining which projects should be allowed to remain in the serial process and how that should be accomplished can incorporate lots of variables to strike the ideal between the two extremes



- We didn't want to focus solely on the “cleanliness” of a projects because network upgrade costs are not the only factor in determining commercial viability when negotiating between buyer and seller
  - A large portion of renewable generator transactions in PJM are with C&I customers, not via state policies
- Our proposal attempts to strike a reasonable balance of societal benefits between reaching the cluster process as soon as practical and not interrupting the commercial viability of projects most likely to be built under the current rules
  - PJM should not have to be put in the position of determining the commercial viability of projects in the queue
  - That can only objectively be determined by how much security the project willing to put at risk
    - Too much risk required and you move to the left of the continuum shown above
    - Too little risk and too many projects stay in serial which unreasonably delays implementation of cluster
- Our transition proposal deals only with the determining which projects get the option to stay in the serial process and how they do that
  - The cost of this option should be greater than what the project faces in the serial or cluster process

# Our Transition Proposal

- Criteria for projects to have an option to stay in the serial process:

PJM 9/20 proposal

- In queues AD2 and earlier **OR**
- Received a facilities study by the time of the FERC order (timing was inferred) **OR**
- In queues AE1-AG1 **AND**

- Received a system impact study by the time of the FERC order **AND** *Require SIS in order to have decent allocation results and a reasonable cutoff for “late-stage”*
- Willing to post total security in amount of greater of

- \$20,000/MW or
- 30% of allocated Network Upgrades *Used both size-based and upgrade-based factors to ensure commercial viability determination via the transition option premium wasn't solely based on upgrade risk. Both variables are higher than project would face in either serial or cluster.*

*With such security refundable at COD or if the Facilities Study indicates allocated Network Upgrades increased by at least 25% AND \$10,000/MW over the SIS allocated Network Upgrades*

*Stopped at AG1 because first significant discussions of queue reform began as AG2 was opening.*

- Avangrid Renewables looks forward to collaborating with all stakeholders in developing the ideal proposal for submission to FERC