PJM IPRTF

Market-based Transition Proposal

11/30/21 Updated

Two Notable Updates from 11/30 Stakeholder presentation:

i) Economic eligibility for transitional serial processing: $50k/MWac NU or less

ii) AG2-AH1 Processing: Proposal 1 that processes AG2 and more recent in Cluster A & Proposal 2 that processes AG2-AH1 in Transitional Cycle #2

CYPRESS CREEK RENEWABLES

OPEN ROAD RENEWABLES

11/23 Proposal: Where we were

Need for compromise

- Those who support PJM Option 4 desire IC-choice for late-stage AE1-AG1 projects
- Those who support PJM Option 2/3 are concerned that the serial backlog processing timeline of Option 4 could extend 2.5 yrs+

- **Market-based solution** → Market-based transition serial processing window followed by transition cluster processing
  - Gating criteria + robust Readiness Deposit (RD) effectively thins-out serial backlog
  - Retool of serial backlog results in updated SIS and a one-time choice for eligible projects to post RD and remain in Transitional Serial queue or move to Transition Cluster.

Feedback

- Stakeholder feedback on 11/23 addressed
  - Concern over unprocessed serial backlog projects receiving ISA without Facility Study complete
  - Timeline feasibility
  - Concern of whether proposed solution is a new concept that will lengthen the timeline for IPRTF resolution or whether this proposal will enable resolution/compromise/consensus

11/30 Proposal: Where we are now

Response /adjustments

- Solution is intended as compromise between options supported evenly by polling, not a new solution
- Cluster timelines based on PJM's latest proposal and discussions with PJM
- **Retain economic and RD elements to reduce the serial backlog to a manageable volume to enable the re-tools and stability study modeling to be completed in ~12 months**.

Timeline

- Transition Serial must be completed before Transition Cluster 1 begins.
- During the ~12-month Transition Serial, PJM & TO workload is supported by developer study fees (portion of TSRR is allocated to ensure sufficient staffing with the potential of workload funded/support by 3rd party contractors) to meet anticipated schedule

Market-based transition serial eligibility

The proposed solution is identical to PJM's 11/30/21 proposal with the exception of the Transition Serial process eligibility.

- PJM proposal: "Clean" projects with no network upgrade cost allocation
  - $0 network upgrades allocated (per current cost allocation rules contained in Manual 14 Attachment B) based upon re-tooled SIS at FERC Order approval

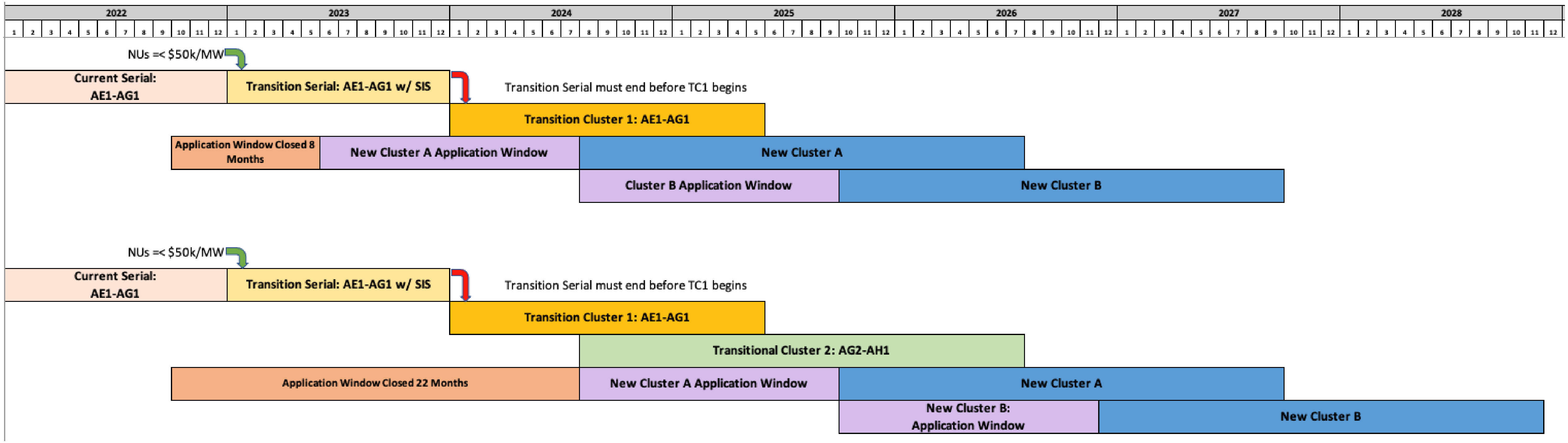
- CCR/ORR Market-based
  - SIS in hand for AE1-AG1 which will be retooled at FERC Order approval for updated NU allocation
  - Gating Economic criteria: **$50k/MWac Network Upgrade allocation** or less in re-tooled SIS (*this updated gating criteria reduces the value from $100k/Mwac to $50k/Mwac and removes the POI Facility cost in the calculation*)
  - RD sizing: **$4k/MW + 50% NUs** to cull the queue and fully cover resourcing PJM and TOs with 3rd party support to complete ISAs per timeline

AG2-AH1 processing: Cluster A vs Transitional Cycle 2?

Following feedback from the stakeholder community, CCR/ORR would like to present two different proposals for AG2-AH1 queue processing.

- **Proposal 1** is consistent with the Gantt chart that was presented at 11/30 Stakeholder meeting and processes AG2 and more recent projects in Cluster A (identical to PJM's 11/30 presentation) as shown on the next slide
- **Proposal 2** has AG2-AH1 projects processed in Transitional Cycle #2 following the processing of AE1-AG1 Transitional Cycle #1 as shown on the next slide.

Proposal 1 vs Proposal 2 Gantt charts



Feedback/Questions

Matthew Crosby, CCR

matthew.crosby@ccrenew.com

Mike Volpe, ORR

mike@openroadrenewables.com