

PJM Long-Term Regional Transmission Planning from a Consumer Perspective

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A Long-Term Regional Planning Process

- } Consumers appreciate the initiative - greater efforts on this front are needed!
- } Consumers appreciate PJM's efforts to further develop the planning process.
- } The five focal points seems appropriate:
 - Advocates are always looking for more scenario + cost impact analysis. (It needs to happen in the capacity and energy markets as well.)
 - Resource mix assumptions will be helpful, yet, scrutinized since the capacity market and energy market are in flux for the foreseeable future and the three-year forward capacity design cannot be counted upon.
- } Consumers see a greater need for more planning now more than ever with the level of uncertainty created by the energy transition, the forecasted fossil fuel retirements and uncertainty in virtually all of PJM market constructs.

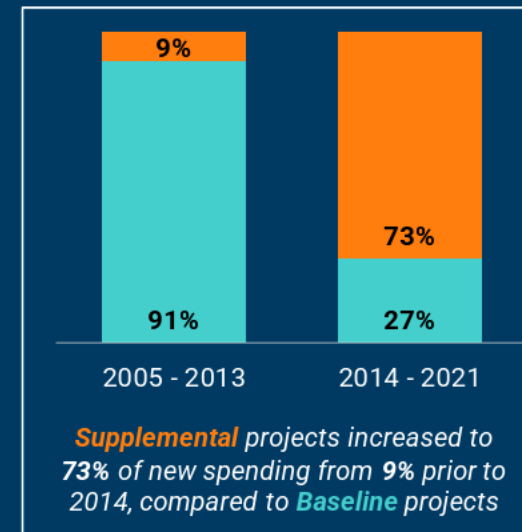
A Long-Term Regional Process Must:

- } Be focused on reliable, cost-effective solutions for customers.
- } Be focused on proactive planning for plant retirements. (The process around the possible retirement of the Brandon Shores facility has proven to be extremely frustrating for consumers.)
- } Maintain the current cost/causation principles.
- } Be comprehensive, or at the very least the process must clearly identify the shortcomings and the impact of those shortcomings. (A LTRTP that addresses only 1/3 of the projects/costs in the regions raises a host of concerns – which may undermine the entire effort.) ***PJM's process appears to miss the mark on this front.***
- } Be transparent for all. PJM's role and objectives must be clear.
- } Be inclusive and allow for meaningful participation of all parties. ***There has been growing frustration by customers with PJM's planning processes in general. (See appendices)***
- } Provide a clear process that follows clear, open guidelines (recognizing that PJM is not a regulatory agency but acting like a quasi-regulator at times.) ***There has been growing frustration by customers with PJM's planning processes in general. (See appendices)***

How can Long-Term REGIONAL Planning be effective while ignoring the vast majority of planned projects/costs?

Today, transmission planning in PJM is focused on smaller, short-term projects

- PJM's annual Regional Transmission Expansion Plan (RTEP) considers only short-term changes to the generation mix:
 - **Announced plant deactivations** (90+ days in advance)
 - New generators past **Facilities Study Stage** in queue
- Most transmission projects are short lead time reliability and Supplemental projects
- Very limited interregional planning
- PJM is beginning to reform its planning practices
 - Proposed **scenario planning** in 2022
 - Launched **Long-Term Regional Transmission Planning (LTRTP)** in mid-2023



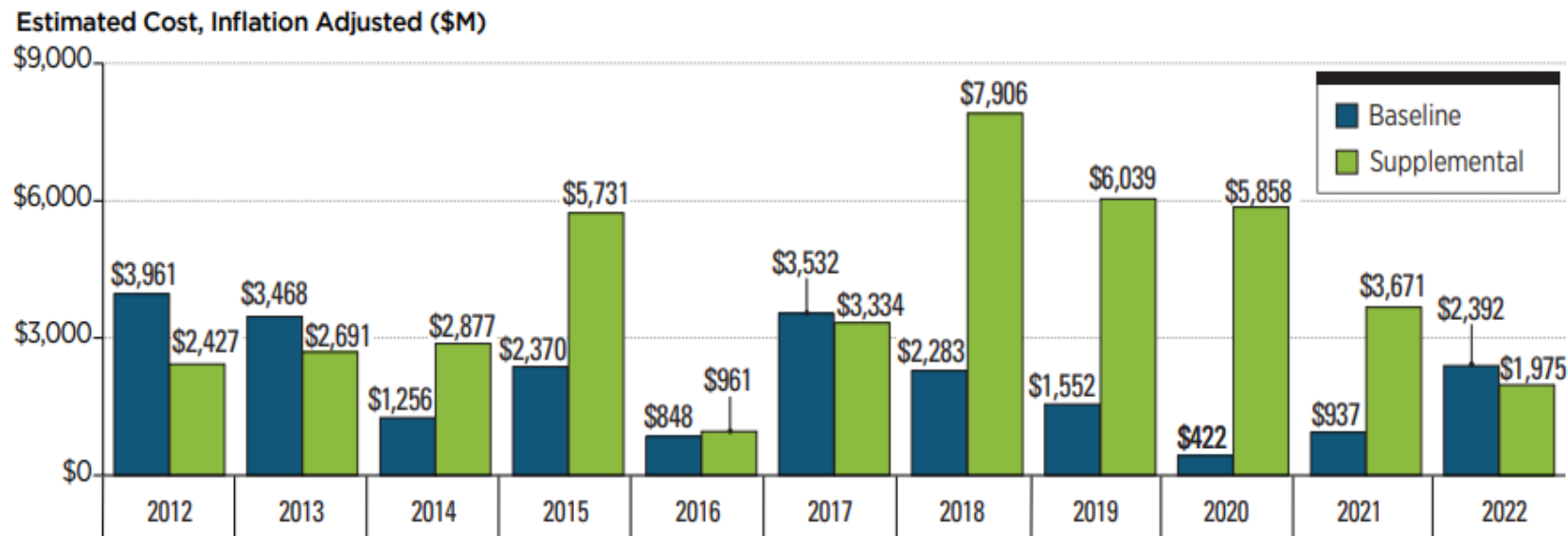
PJM Transmission Costs Breakdown

#1 Almost \$8 billion was spent on PJM “baseline projects” by transmission owners from 2018 – 2022.

#2 Over \$25 billion was spent by transmission owners during that same period on supplemental projects. It is our estimate that over 50% of supplemental projects do not receive regulatory review during the planning process (e.g. planning costs) by PJM, state or federal regulators. *PJM does ensure these projects do not harm the PJM system.

#3. PJM is only actively planning approximately one-third of the regional transmission grid.

Figure 5.2: Baseline and Supplemental Projects by Year



*Slide presented by Greg Poulos during the October 11 PJM PIEOUG meeting.

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Appendix

The TEAC

- } Transparency and process concerns related to the PJM TEAC process are growing.
- } Process concerns include: Second reads for projects (and groups of projects) that appear to be focused on providing notice rather than designed to take feedback. (e.g. having the second read *on hundreds of millions of dollars* in projects merely a few days ahead of PJM Board approvals.)

The M-3 Process

- } The PJM process that provides notice of supplemental projects. The M-3 Process has significant bearing on consumer perspective for this planning process (and all planning processes):
 - As mentioned above, two-thirds of the transmission projects and costs in the region are related to the supplemental projects.
 - There is frustration over the level of information provided to consumers within the M-3 framework. (see attached)
 - There is frustration over the way PJM's planning process is represented to the public when PJM's only planning role for 2/3rds of the grid is a do no harm analysis.