

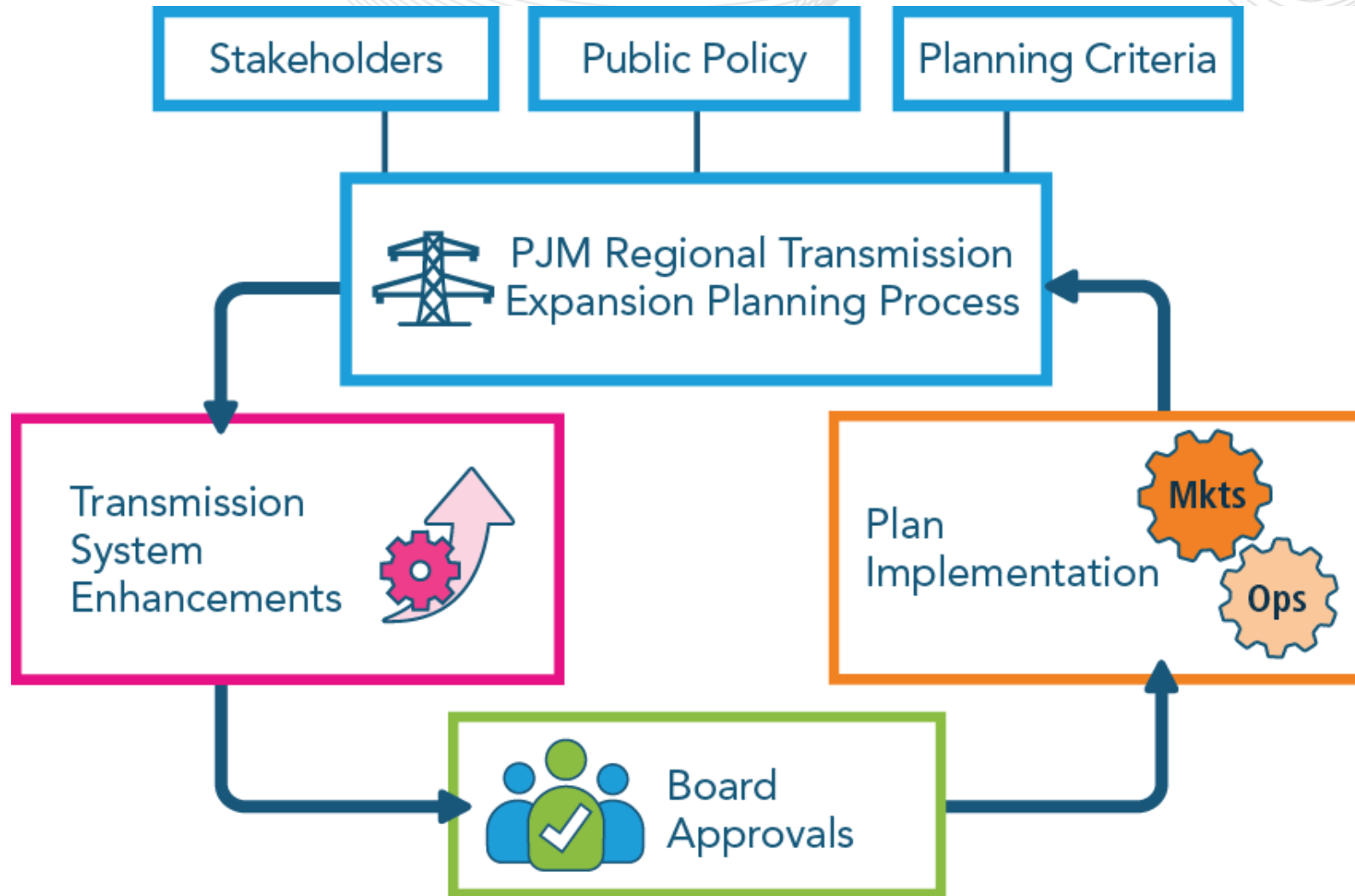


Transmission Planning and Public Policy

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RTEP DEVELOPMENT

Reliability & Resilience

Delivering
Generation



Improving
Market
Efficiency



Replacing
Aging
Facilities



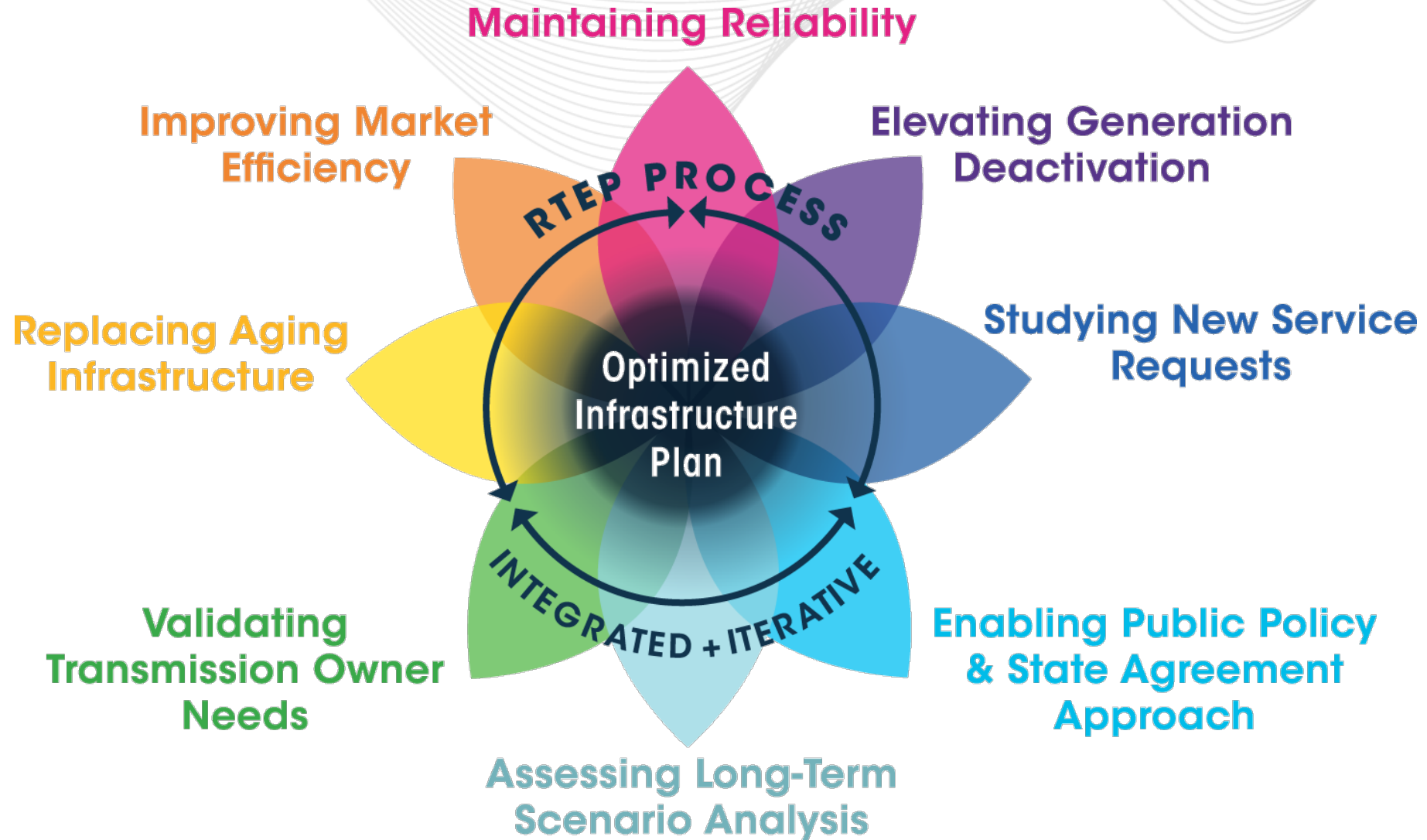
Enhancing
Operational
Performance



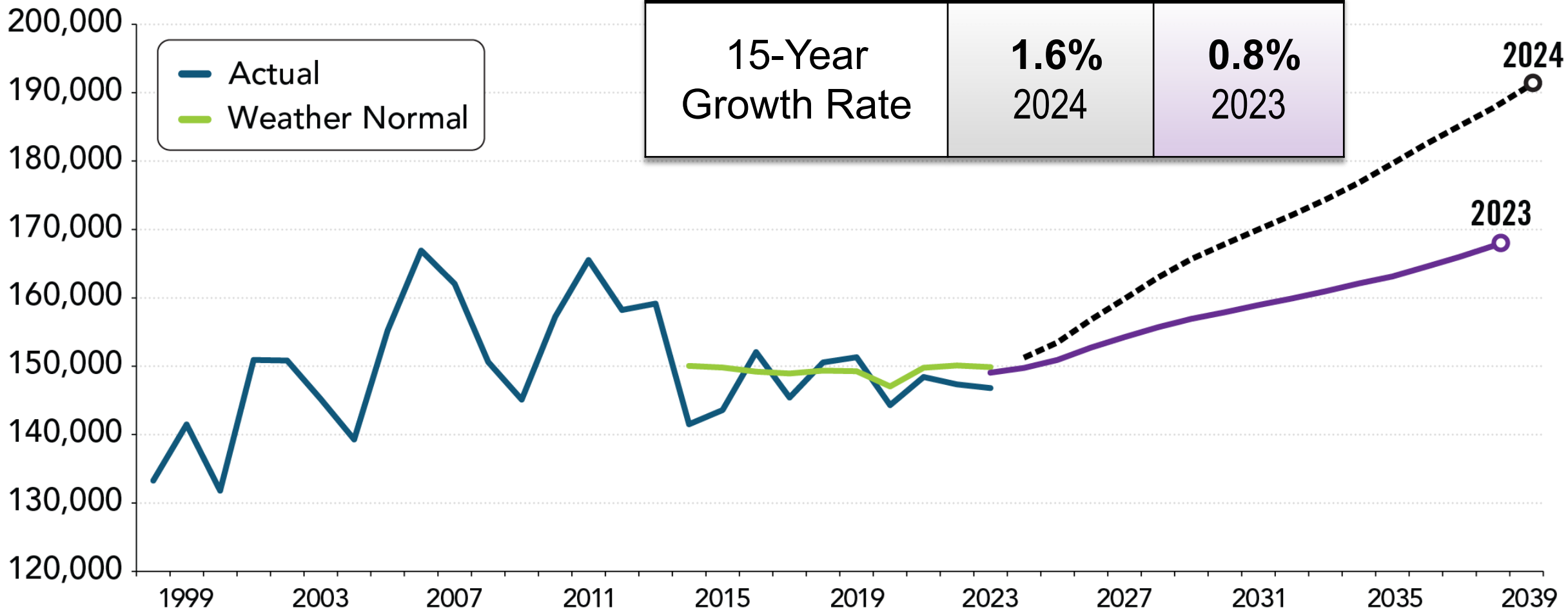
Evaluating
Demand-Side
Trends



State & Federal Public Policy



Load (MW)



15-Year Growth Rate	1.6% 2024	0.8% 2023
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What Is the State Agreement Approach?

- PJM added an SAA transmission planning mechanism with its Order 1000 compliance filing (not needed for compliance with Order 1000), that enables a state or states to propose a project for inclusion in PJM's Regional Transmission Expansion Plan that advances the Public Policy Requirements identified by a state(s).
- If the state(s) voluntarily agrees to sponsor such a project and assumes responsibility for the allocation of all costs of the project, the SAA project will be included in the RTEP either as a Supplemental Project or state public policy project.

The SAA allows a state (or states) to include their Public Policy Requirements in PJM’s planning parameters, thereby enabling PJM to open a competitive window and solicit potential transmission solutions to advance the public policy.

Cost Allocation:

*“All costs related to a state public policy project or Supplemental Project included in the Regional Transmission Expansion Plan to address state Public Policy Requirements pursuant to this Section shall be recovered from customers in a state(s) in the PJM Region that agrees to be responsible for the projects. **No such costs shall be recovered from customers in a state that did not agree to be responsible for such cost allocation.**”*

PJM Operating Agreement, Schedule 6, section 1.5.9(a)

In November 2020, the New Jersey Board of Public Utilities initiated the State Agreement Approach to solicit transmission proposals that would accommodate the integration of up to 7,500 MW of offshore wind by 2035.



FERC Order 1920 Goals

- + Perform a sufficiently long-term assessment of transmission needs.
- + Adequately account on a forward-looking basis for known determinants.
- + Consider broader set of benefits in meeting longer-term needs.

Future Scenarios



Required Factor Categories

1. **Laws and regulations affecting future resource mix and demand***
2. **Laws and regulations on decarbonization and electrification***
3. **Integrated Resource Plans and expected supply obligations for LSEs***
4. Trends in technology and fuel costs within and outside of the electricity supply industry, including shifts toward electrification of buildings and transportation
5. Retirements
6. Generation interconnection requests and withdrawals
7. Utility and corporate commitments and other public policy goals

*** Cannot be discounted**