



Markets & Reliability Committee Meeting
Transmission Replacement Processes Senior Task Force (TRPSTF)
Progress Report, Observations and Next Steps

Fran Barrett, Gloria Godson, Ed Tatum
Markets & Reliability Committee
March 23, 2017



The Markets and Reliability Committee (MRC) approved the creation of a Senior Task Force in March 2016 to brainstorm and develop alternatives for providing more transparency and consistency in the communication and review of End of Life projects in the Regional Transmission Expansion Plan (RTEP)

Senior Task Force endorsed by MRC in March 2016

- ✓ Problem Statement and Issue Charge formalized into Draft Charter - Charter approved by MRC, May 26, 2016
- ✓ Education - Developed and finalized transmission "curriculum"
 - ✓ Videotaped Education Sessions to minimize slowing by new/late participants
 - ✓ Education Sessions – Concluded, June 20, 2016
- ✓ Interest Identification – Concluded, August 8, 2016
 - ✓ Documented stakeholder interests
- ✓ Design Components and Solution Options – Initiated preliminary discussions and idea formulation
 - ✓ Legal Sub-Team formed to provide further guidance on FERC Orders 890 & 1000
 - ✓ Transmission Costs Sub-team formed
- Note: PJM Stakeholders participate in FERC Technical Conference Spring 2016

- Received on August 26, 2016
- Order naming all PJM Transmission Owners and PJM, establishing a section 206 proceeding to determine whether the PJM Transmission Owners are complying with their Order No.890 local transmission planning obligations specifically with respect to Supplemental Projects
- MRC votes to place TRPSTF on hiatus September 2016
- Majority of TRPSTF scope was suspended as agreed by all parties until the sooner of i) a FERC issued order or ii) March 2017
- Transmission Cost Sub-team authorized to proceed as scope was outside of Order
- Respondents to Order to Show Cause timely filed on October 25, 2016

- ✓ A limited scope element, a Transmission Cost Information Center (TCIC) continued as it was determined not responsive to the Order and would create value and clarity to Stakeholders by promoting transparency with forward look of upcoming transmission investment and project costs

- ✓ Sub-Team Meetings– September 2016 through February 2017
 - ✓ Working design sessions

- ✓ Sub-Team Status – Design Completed. Quiesced team pending PJM construction of the TCIC tool
 - ✓ Ground rules, Objectives established and documented
 - ✓ Sample/ Prototype Spreadsheet developed and shared with Stakeholders – TCIC Design Requirements Document completed February 24, 2017
 - Next Steps – build the tool and commence “sand box testing” with the sub-team (estimated April/May)

- TCIC is a basic tool to provide information to interested stakeholders regarding the direction and magnitude of future transmission-related costs
- Gathers all approved transmission project information (Baseline & Supplemental)
- Aggregates related publicly available data into a user-friendly spreadsheet format
 - e.g. In Service Dates, Cost Estimates, Carrying charges
- User may filter information by project type, TO zone or project year(s) to understand prospective costs (incremental only)
 - Note: TCIC not serve as a rate forecasting tool – it does not combine past costs, rates, depreciation type, etc.
- Downloadable exports allow user-developed scenarios and analyses

|  Transmission Cost Information Center Tool | | | | | | | |
|--|-----------------|--------------------------|--------------|-------------|-------------|-------------|------|
| Current Billing Date ==> <small>(Updates automatically - do not change)</small> | 3/1/2017 | RESPONSIBLE ZONES | | | | | |
| Future Billing Date ==> <small>(Must be between 03/01/2017-12/01/2027)</small> | 5/1/2017 | AEC | AEP | APS | ATSI | BGE | ... |
| Current Monthly Zonal Charges* | | | | | | | |
| Transmission Costs (\$) | | \$1,297,367 | \$9,989,405 | \$3,220,095 | \$5,056,021 | \$4,290,320 | #### |
| Transmission Costs (\$/MW) | | \$485 | \$444 | \$369 | \$396 | \$650 | #### |
| Future Monthly Zonal Charges* | | | | | | | |
| Transmission Costs (\$) | | \$1,305,064 | \$10,017,951 | \$3,231,110 | \$5,073,820 | \$4,309,858 | #### |
| Transmission Costs (\$/MW) | | \$488 | \$446 | \$371 | \$398 | \$653 | #### |
| Incremental Monthly Zonal Charges* | | | | | | | |
| Transmission Costs (\$) | | \$7,697 | \$28,546 | \$11,015 | \$17,799 | \$19,538 | #### |
| Transmission Costs (\$/MW) | | \$3 | \$1 | \$1 | \$1 | \$3 | #### |
| * Estimated charges related to RTEP and Supplemental upgrades only | | | | | | | |

- In response to the FERC Order to Show Cause, the MRC voted at its September 2016 to place the majority of TRPSTF scope on hiatus as agreed by all parties until the sooner of i) a FERC issued order or ii) March 2017
- At the February 2016 MRC meeting, the MRC discussed and voted to amend the hiatus be extended an additional three months with the proviso that the MRC receive a progress report at their March meeting
- The progress report will provide the MRC the opportunity to understand the key issues of concern by Transmission Owners, Transmission Customers and interested Stakeholders as well as the likely the direction of TRPSTF efforts once the Order to Show Cause



Key Issues, Actions and Accomplishments – Transmission Owners

- *Collaborative participants and contributors to TRPSTF and TCIC*
 - *Provided rate specialists from several TO companies to assist in set up, education and guidance of the Transmission Cost Sub-team in its TCIC development*
- *Timely response to FERC Order to Show Cause – outlined 890 compliance – and went further to file, outside of the show cause case, a new Tariff Schedule for FERC consideration - Attachment M3*
 - *Annual review of assumptions and methodology*
 - *Regular review of system needs and potential solutions*
 - *Regular review of supplemental projects*
 - *Timely posting of information and opportunity for stakeholder comments*
- *TOs have a strong commitment to transparency*
 - *Detailed project information including need, drivers, alternatives, cost, location and one line diagrams as appropriate*
 - *Consistent project presentation template*
 - *TOs SME's present and answer questions*
 - *Provide follow up responses as needed*
- *Continuing to work with PJM and stakeholders to explore opportunities for enhanced coordination and streamlining of Sub-regional RTEP meetings*

- *TRPSTF had just completed the interest identification when FERC issued its Show Cause Order in August 2016.*
- *TRPSTF participants agreed that preparing their responses to the Show Cause Order was a significant undertaking and agreed to put the Task Force on hold to accommodate the TOs.*
- *Majority of the Task Force time to date has been spent developing the TCIC, which is helpful, but not the purpose of TRPSTF*
- *No time spent in Task Force on developing alternatives for providing more transparency and consistency in the establishment, communication and review of TO initiated End of Life or supplemental projects or development of potential guidelines or criteria setting forth the process for inclusion of TO initiated projects within the RTEP.*

- *Recent Regional and Sub Regional RTEP meetings:*
 - *TO customers working hard to get more information during the meetings*
 - *Insufficient detail on all projects; impossible to independently arrive at same project solution with a one page PowerPoint*
 - *Insufficient transparency regarding the derivation, cost, alternatives, assumptions, guidelines, criteria, mapping and other information necessary for customers to make educated evaluations of the End of Life and Supplemental Projects*
 - *Inconsistency among the TOs in presenting information, including level of detail*
 - *Some projects have maps that don't show the project*
 - *Some Supplemental Projects are high voltage tie line facilities between TOs*
 - *Some Supplemental Projects are networked facilities*
 - *Another \$1B in Supplemental Projects Proposed*
 - *Over \$860M in "Immediate Need" RTEP projects*
 - *Unclear when Supplemental Projects are "finalized" for inclusion in base case model*
- *More work is required and should be continued, regardless of FERC Show Cause Order.*

Questions & Discussion