

Section 2: Regional Transmission Expansion Plan Process

In this section you will find an overview of the PJM Region transmission planning process, covering the following areas:

- Components of PJM's 15-Year planning
- The need and drivers for a regional transmission expansion plan
- Reliability planning overview
- Specific components of reliability planning and the Stakeholder process
- Interconnection request drivers of RTEP
- Cost responsibility for reliability related upgrades
- Market efficiency planning review
- Specific components of market efficiency planning and the Stakeholder process.
- Operational performance driven planning
- Specific components of operational performance driven planning

2.1 Transmission Planning = Reliability Planning + Market Efficiency+ Public Policy

Effective with the 2006 RTEP, PJM, after stakeholder review and input, expanded its RTEP Process to extend the horizon for consideration of expansion or enhancement projects to fifteen years. This enables planning to anticipate longer lead-time transmission needs on a timely basis.

Fundamentally, the Baseline reliability analysis underlies all planning analyses and recommendations. On this foundation, PJM's annual 15-year planning review now yields a regional plan that encompasses the following:

1. Baseline reliability upgrades, discussed in this Section 2;
2. Generation and transmission interconnection upgrades, discussed in Attachment B of this manual and Attachment B of Manual 14A.
3. Market efficiency driven upgrades, discussed in this Section 2.
4. Operational performance issue driven upgrades, discussed in this Section 2.
5. Public Policy Requirements based elements via State Agreement Approach

2.1.1 Multi-Driver Approach

In the event that a proposed project is driven by more than one of the above stated drivers, PJM can develop a Multi-Driver Approach Project, as defined in Schedule 6 of PJM's Operating Agreement by identifying a more efficient or cost effective solution that follows one of the following methods:

- Proportional Multi-Driver Method: Combining separate solutions that address reliability, economics and/or public policy into a single transmission enhancement or expansion that incorporates separate drivers into one Multi-Driver Project.
- Incremental Multi-Driver Method: Expanding or enhancing a proposed single-driver solution to include one or more additional component(s) to address a combination of reliability, economic and/or public policy drivers.

2.1.1.1 Principles and Guidelines for New Service Requests as an input to Multi-Driver Approach

Customer-Funded upgrades, as identified in Attachment B of PJM Manual 14A may be incorporated into the Multi-Driver Approach Project per the Regional Transmission Expansion Plan. New Service Customers, other than those proposing Merchant Network Upgrades, have the option, but not obligation to participate in a Multi-Driver Approach Project, at the direction of PJM. The following principles and guidelines must be adhered to for a New Service Request wishing to participate in a Multi-Driver Approach Project:

1. The Multi-Driver Approach Project must be more cost effective as a whole, than the sum of the individual projects
2. New Service Customer has the option, but not the obligation to participate in a Multi-Driver Approach Project. The New Service Customer must execute an agreement committing to be financially responsible for its portion of the Multi-Driver Approach Project, the cost of which shall not exceed the cost of the incremental upgrade required as part of the New Service Request, unless agreed to by the sponsoring New Service Customer(s).
3. New Service Customer's participation in the Multi-Driver Approach Project shall not impact the New Service Customer's Queue Position.
4. Commencement of service for the New Service Customer's Customer Facilities may be impacted by the in-service date of the Multi-Driver Approach Project.
5. The following cost allocation rules will apply to Multi-Driver Approach Projects: Schedule 12 of the PJM Tariff for the component of the upgrade to be funded for reliability violations or operational performance, economic constraints and/or Public Policy Requirements; and Part VI of the PJM Tariff for the New Service Customer's portion of the Multi-Driver Approach Project.

2.1.2 Reliability Planning

Exhibit 1 shows the 24-month Reliability planning process used for the 15-year RTEP horizon. This 24-month planning process integrates the upgrades noted above with information transparency, stakeholder input and review and PJM Board of Manager approvals. Activities shown on this diagram and their timing are for illustrative purposes.