ANOPR Perspective

Steve Huntoon
H-P Energy Resources LLC
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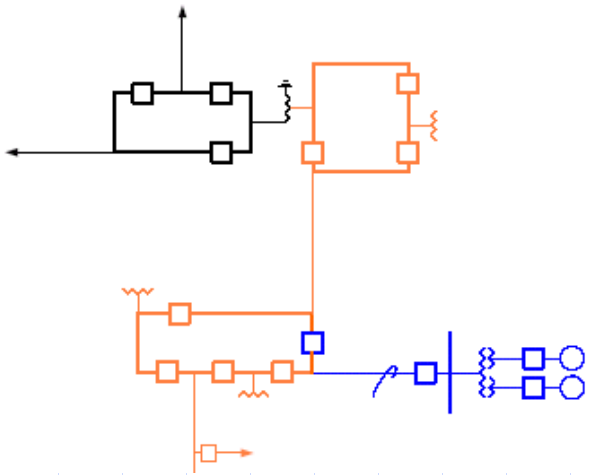

Transmission Planning 1

- PJM planning process has evolved over 20+ years to accommodate many planning drivers: reliability (including load growth and resource retirements), new resource interconnection, market efficiency, interregional coordination, and public policy.
- Transmission planning is not "siloed" by the drivers. At a simple level there is a baseline model that projects 5 years out based on best assumptions about projected future conditions, and identifies transmission upgrades needed to preserve reliability.
- Incremental upgrades to that baseline arise from the other drivers.

Transmission Planning 2

- Drivers generally have different cost allocations.
- Notwithstanding the multiple drivers and cost allocations, planning is integrated -- there is a single annual RTEP plan.
- New drivers based on an evolving resource mix should, to the extent possible, supplement rather than replace existing drivers.
- Construction of new transmission from new drivers should be subject to as much competition as possible.
- Reliability must remain paramount.

Generator Interconnection 1

- Participant funding for new resources incents efficient siting decisions.
- Large transmission projects based on uncertain new resources are problematic (e.g., PATH).
- ANOPR correctly observes that network upgrades paid for by a new resource can provide system benefits and benefits to future resources, but does not recognize that a new resource benefits from existing system capability, paid for by transmission customers and existing resources, that the new resource does *not* pay for.

Generator Interconnection 2

- New drivers for new resources should, to the extent possible, supplement rather than replace participant funding.
- Certainty and objectivity of interconnection costs and timing are important.

Thank you!