

PJM Statement on Public Policy Considerations Within the 2024 RTEP

In preparing the 2024 Regional Transmission Expansion Plan (RTEP), PJM included several Public Policy Requirements and Public Policy Objectives, including certain electrification policies, policy-driven generation that has signed a Generator Interconnection Agreement (GIA) or Wholesale Market Participation Agreement (WMPA), and transmission upgrades supporting the interconnection of projects brought forward through the State Agreement Approach (SAA).

In conformance with its obligation under the PJM Operating Agreement, Schedule 6, section 1.5.6(b), PJM provides this statement to explain the Public Policy Requirements and Public Policy Objectives that were offered by stakeholders at the assumptions stage of the 2024 RTEP development process, but were ultimately not included in the 2024 planning cycle.¹

Background

On December 1, 2023, the Independent State Agencies Committee (ISAC) submitted the “State Policies Workbook” to PJM.² ISAC indicated the workbook’s stated purpose is an effectuation of the PJM Operating Agreement, Schedule 6, section 1.5.4(c), which states “The Office of the Interconnection also shall solicit from the Members, Transmission Customers and other interested parties, including but not limited to electric utility regulatory agencies within the States in the PJM Region, Independent State Agencies Committee, and the State Consumer Advocates, information required by, or anticipated to be useful to, the Office of the Interconnection in its preparation of the enhancement and expansion study, including information regarding potential sensitivity studies, modeling assumption variations, scenario analyses, and Public Policy Objectives that may be considered.”³

The State Policies Workbook detailed the PJM states’ respective Public Policy Requirements and Public Policy Objectives related to:

- Renewable portfolio standards
- Generator deactivations driven by retirement policies
- Clean energy targets and other clean energy policies
- Policies supporting existing generation
- Electrification policies for buildings and electric vehicles
- Generator siting restrictions and opportunity zones
- Resource-specific targets for offshore wind and storage technologies

¹ PJM Operating Agreement, Schedule 6, section 1.5.6(b) – “Following identification of transmission needs and prior to evaluating potential enhancements and expansions to the Transmission System ... [t]he Office of the Interconnection shall also post an explanation of why other Public Policy Requirements and Public Policy Objectives introduced by stakeholders at the assumptions stage were not adopted.”

² The State Policies Workbook was submitted by ISAC via email to staff within PJM’s Governmental Services Department. The email also included a cover letter addressed to PJM’s Planning Department.

³ PJM Operating Agreement, Schedule 6, section 1.5.4(c).

The policy targets included in the State Policies Workbook were not limited to the planning horizon of PJM's near-term RTEP, but rather they detailed the interim and cumulative targets over the entire horizon of each respective policy, including policies that extend beyond 15 years. The State Policies Workbook also included information that would be useful for other PJM planning initiatives but would not be directly relevant or applicable to near-term planning.⁴

At the January 9, 2024, Transmission Expansion Advisory Committee (TEAC) meeting, PJM provided stakeholders awareness that ISAC submitted the State Policies Workbook with policy assumptions to be considered in the 2024 RTEP.⁵ At the February 6, 2024, TEAC meeting, PJM updated stakeholders on how it would consider the submitted policy assumptions.⁶ PJM indicated it will perform a proactive deactivation study that accounts for state policy. PJM also left open the possibility for other sensitivity studies to be performed later in 2024.⁷

Explanation of Public Policy Requirements and Objectives Not Adopted in the 2024 RTEP

PJM did not adopt the following policies, submitted via the State Policies Workbook, in the 2024 RTEP planning cycle for the following reasons:

Renewable portfolio standards

Renewable portfolio standards (RPS) can influence the types of new resources being proposed in and around states with such policies. Many RPS-eligible resources are already in service, and more are being proposed through PJM's New Services Request process for interconnecting generation. The planning model used for the PJM RTEP, as per current Planning Manual 14B provisions,⁸ includes those proposed RPS-eligible resources that have signed a GIA or WMPA but have not begun commercial operation. Other proposed projects currently under study but without a signed GIA or WMPA have less certainty reaching commercial operation, and therefore, PJM would not consider their inclusion in the near- and mid-term planning models unless their associated capacity is required to meet the model's resource adequacy needs. PJM can plan for such future generation additions and identify associated system

⁴ For example, the State Policies Workbook included assumptions on where new gas generation can or will likely be built, including technology restrictions on new gas units (i.e., CCS only), as an input to the capacity expansion model that PJM intends to use for long-term regional transmission planning. This type of assumption is not applicable to the near-term RTEP model.

⁵ State Policy Assumptions (January 9, 2024). Presented to the Transmission Expansion Advisory Committee – <https://www.pjm.com/-/media/committees-groups/committees/teac/2024/20240109/20240109-item-11---state-policy-assumptions.ashx>

⁶ 2024 RTEP Assumption Updates (February 6, 2024), Slide 4. Presented to the Transmission Expansion Advisory Committee – <https://www.pjm.com/-/media/committees-groups/committees/teac/2024/20240206/20240206-item-14---2024-rtep-assumption-update.ashx>

⁷ *Id.*

⁸ PJM Manual 14B: PJM Region Transmission Planning Process, Attachment B: Regional Transmission Expansion Plan – Scope and Procedure, Section B.4 – “When the PJM load in the RTEP model exceeds the sum of the available in-service generation plus generation with an executed final agreement, PJM will model new generation in Phase III System Impact Study to accommodate additional load growth. This newly added generation could affect the load deliverability results either by advancing or mitigating limits. Generation sensitivities may be examined as appropriate to add information regarding the impacts of any such generators with less certain in-service dates. In addition, in areas that are experiencing load deliverability issues, sensitivities to the mitigating effects of new local generation may also be quantified.”

upgrades in the near-term RTEP to meet RPS requirements once specific commitments from states are in place, such as through the SAA.⁹

Generator deactivations driven by retirement policies

PJM currently includes announced deactivations (with submitted deactivation notices to PJM) within its planning assumptions.¹⁰ Accounting for unannounced but anticipated deactivations driven by retirement policies is possible to model outside the competitive transmission planning process. At this time, PJM believes this reliability analysis is more appropriately achieved through an informational study. Market efficiency analysis can also be performed on an informational reliability study.

Clean energy targets and other clean energy policies

Within the State Policies Workbook, this category of policies on its own is abstract from a transmission planning perspective. Abstract in this context generally means that these policies, in and of themselves, are unable to be modeled for purposes of identifying the transmission needs of the system.

Clean policies, such as those that seek to achieve 100% carbon reductions by a certain date, are achieved through implementing regulations by delegated state agencies. Such regulations impart how the state intends to achieve the policy aim – such as through electrification of natural gas heating, retirement of existing fossil generation or the building of new carbon-free energy sources. It is these implementing regulations that better inform how transmission needs may manifest. In some instances, such implementing regulations are identified in the State Policies Workbook, as noted below. In other instances, the clean energy target is awaiting agency action or no implementing regulations have been identified.

For example, the New Jersey Global Warming Response Act of 2007 (GWRA) (and updated in 2019)¹¹ seeks to achieve a reduction in emissions for New Jersey of 80% below 2006 levels by 2050. As one method toward the state's overall achievement of the GWRA, the New Jersey Department of Environmental Protection adopted and amended rules for the control and prohibition of carbon dioxide emissions of in-state electric generating units.¹² These regulations, and not the objectives of the GWRA itself, represent information that may be considered for transmission planning. It so happens that this particular regulation manifests itself as deactivations of fossil generation and limitations on new natural gas entry inside the state. PJM's comments on deactivations and new supply entry consideration are noted above.

Policies supporting existing generation

This policy category within the State Policies Workbook is relative to PJM's long-term planning efforts and is not applicable to near-term planning models.

⁹ PJM Manual 14B: PJM Region Transmission Planning Process, Section 2.1.

¹⁰ *Id.*, Section 2.2

¹¹ New Jersey S.B. No. 3207 (2019)

¹² N.J.A.C. 7:27F – Control and Prohibition of Carbon Dioxide Emissions (2023)

Electrification policies for buildings and electric vehicles

The information provided in this policy category was also submitted to PJM's Load Analysis Subcommittee for consideration in the 2024 Load Forecast. PJM reviewed this information and determined some policies were appropriate for inclusion in the 2024 Load Forecast,¹³ while some policies would be better suited for sensitivity analysis.¹⁴

Generator siting restrictions and opportunity zones

This policy category within the State Policies Workbook is relative to PJM's long-term planning efforts and is not applicable to near-term planning models. Resources entering PJM's New Services Request process are expected to have researched where they can and cannot build. Demonstrating site control for developing a proposed resource is also a requirement to proceed in PJM's New Services Request process.

Resource-specific targets for offshore wind and storage technologies

Like RPS and other clean energy policies, discrete policies around offshore wind and energy storage technologies help drive projects toward entering PJM's New Services Request process for interconnecting generation. By default, PJM models all generation projects with a signed GIA and WMPA, including offshore wind and storage projects. Transmission upgrades supporting the interconnection of projects brought forward through the SAA are also included in the 2024 RTEP modeling together with their associated upgrades identified through the SAA study.

¹³ 2024 Preliminary PJM Load Forecast (November 27, 2023). Presented to PJM Load Analysis Subcommittee – <https://www.pjm.com/-/media/committees-groups/subcommittees/las/2023/20231127/20231127-item-03--2024-preliminary-pjm-load-forecast.ashx>

¹⁴ The sensitivity analysis mentioned here references the analysis intended by PJM within its proposed Long-Term Regional Transmission Planning (LTRTP) framework. The LTRTP framework was not in place when the 2024 Load Forecast was finalized.