



Mark Takahashi  
Chair, PJM Board of Managers

2750 Monroe Blvd.  
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***Via Electronic Mail***

December 18, 2023

David S. Lapp  
People's Counsel  
Office of People's Counsel, State of Maryland  
6 St. Paul St., Suite 2102  
Baltimore, MD 21202

Dear Mr. Lapp,

Thank you for your correspondence dated Dec. 8, 2023, to the PJM Board of Managers (PJM Board) (Dec. 8 Letter) suggesting an additional review and consultation period prior to the PJM Board's decision on PJM's proposed transmission solutions to the 2022 Regional Transmission Expansion Plan (RTEP) Competitive Window 3 (2022 Window 3). We appreciate your feedback, and the PJM Board has read your Dec. 8 Letter, along with other correspondence it received regarding 2022 Window 3. As explained below, PJM's efforts in advancing 2022 Window 3 not only followed the RTEP process required by the Federal Energy Regulatory Commission (FERC), but in fact allowed for an expanded process that served to account for the complexity of this particular competitive window.

The PJM Board deliberated on the 2022 Window 3 proposed solutions, and it has approved the projects [PJM staff recommended](#) as reviewed at the Oct. 31 and Dec. 5 TEAC meetings. The process leading up to the PJM Board's approval lasted approximately 10 months, beginning with public posting of the 2022 Window 3 modeling information in February, a special meeting of the [Transmission Expansion Advisory Committee](#) (TEAC) in April, public posting information for all 72 submitted proposals in June, and additional vetting at the monthly meetings of the TEAC, with the finalists and selected solution discussed at TEAC meetings on Oct. 3, Oct. 31 and Dec. 5. The typical process is roughly six months. The process was meant to accomplish two objectives: first, to ensure that there was a public process that allowed for opportunity to comment on the proposals, and second, to allow for the PJM Board to act in a timely fashion so that the various transmission projects can be built in a timely manner so as to maintain grid reliability.

Also, the Dec. 8 Letter raises challenges around cost allocation – specifically, that PJM has not provided enough detail as to the specific drivers of each part of the solution. PJM's competitive transmission planning process requires that it posts the reliability needs that require proposed solutions. PJM provided information in the problem statement about the specific drivers or potential violations of the reliability need. By design of the process, detailed cost allocation pursuant to our Tariff rules does not occur until the planning exercise is complete, PJM has selected the most efficient or more cost-effective solution, and after the PJM Board issues its decision on recommended projects. Regional transmission costs are allocated according to PJM's Open Access Transmission Tariff provisions approved by FERC. These cost-allocation methodologies consider the system-wide overall benefits as well as benefits directly attributed to specific zones. Cost allocation is formulaic. The specific cost allocation for this set of projects can be found in the [TEAC Recommendations to the PJM Board](#). When PJM files the cost-allocation assignments for acceptance by FERC, PJM includes cost responsibility assignment sheets specifying the criteria

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violation and test, a description of the upgrade, an in-service date, estimated upgrade costs, and the entity designated with construction responsibility for each enhancement or expansion. The Tariff provides for a 30-day comment period to allow parties time to review these cost assignments.

The Dec. 8 Letter also offers that stakeholders such as the Office of People's Counsel for the State of Maryland (MD OPC) did not have enough time to review and ask detailed questions on the 2022 Window 3 modeling information made available to all interested stakeholders. Again, in February 2023, PJM posted its 2022 Window modeling information, which was further updated in April/May 2023 to include 2027/28 system model information. In June and following the closure of 2022 Window 3, PJM made available all 72 submitted proposals' information, and these were also available to the MD OPC. Please also note that PJM addressed earlier comments and questions by the MD OPC and publicly posted these to the Oct. 31 [TEAC material](#). PJM is available to provide more detailed responses to the MD OPC and will offer a follow-up meeting with the MD OPC staff to discuss any remaining questions they may have.

Thank you for your correspondence, and we look forward to your continued engagement.

Sincerely,

Mark Takahashi  
Chair, PJM Board of Managers

cc: PJM Board