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Via Electronic Delivery

July 10, 2024

Jon Gordon, Policy Director
Advanced Energy United
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PJM Interconnection
2750 Monroe Blvd.
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Dear Mr. Gordon and Coalition Members,

Thank you for your recent correspondence dated June 24, 2024, regarding PJM's forthcoming engagement in response to the Federal Energy Regulatory Commission's (Commission) issuance of its long-term transmission planning and cost allocation final rule, Order 1920. There is significant alignment in the feedback you expressed and PJM's desired path forward on Order 1920.

PJM strongly supports the Commission's goal to encourage long-term, forward-looking regional transmission planning, including scenario-based planning. As you note, even prior to the issuance of Order 1920, PJM proposed to its states and stakeholders an enhanced, proactive, long-term planning process to identify, evaluate and select regional transmission facilities that address long-term reliability concerns, changes in the resource mix and changes in demand, including those driven by public policy.

PJM will fully comply with Order 1920. PJM did file with the Commission a request for rehearing and/or clarification of the Order, seeking flexibility to implement its requirements in a less prescriptive way such that PJM can tailor its approach to reflect its unique circumstances and regional needs. The Commission will rule on the numerous rehearing requests filed, and PJM will comply in full with Commission's ultimate directives.

As announced at the most recent Markets and Reliability Committee meeting, PJM does not intend to wait for an order on its compliance filing (likely a year away) to begin work on long-term planning. Rather, PJM announced its intent to begin scenario analyses immediately. PJM intends to advance scenarios that comply with Order 1920, along with some additional scenarios that may be of value to PJM and the greater stakeholder body. PJM intends to initiate stakeholder engagement beginning in August that will help inform inputs into those scenarios.

To your very good point, there will need to be significant state engagement as PJM seeks to comply with and implement Order 1920. Some of this engagement is actually mandated by the Commission, and some will be less formal. Either way, our states will play a very important role in the successful implementation of Order 1920, and we certainly look forward to working with our states as we move forward with compliance and implementation. As to cost allocation, it is clear, based both on legal precedent as well as Order 1920, that the PJM Transmission Owners are collectively the body that will need to engage with our states on cost allocation and ultimately submit a cost allocation methodology or methodologies in compliance with Order 1920.

We appreciate the continued engagement of your broad coalition on this important matter.

Sincerely,

Manu Asthana

cc: PJM Board of Managers