

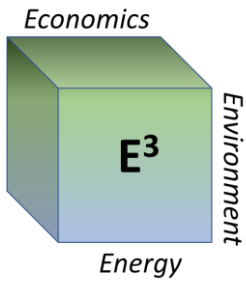
Proposed Interconnection Process Reform and Transition

Paul M. Sotkiewicz, Ph.D.

President and Founder

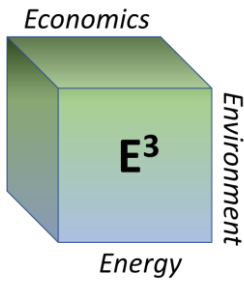
E-Cubed Policy Associates, LLC

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Current Queue Problems

1. First to cause cost burden creates incentives to wait for preceding queue positions to make go/withdrawal decisions. This leads to more retool studies to be done and eats up time and resources. It also creates incentives to clog the queue with projects that will not go forward to make new entry more costly.
2. This is a cascading problem as the queues move on every six months, this problems only grows larger as new queue requests come in and other queue requests have not been studied or addressed.
3. Too many queue submissions at the last minute that delays getting subsequent queue processes started.

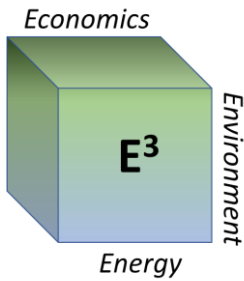


PJM Proposal is a Step Forward...but...

1. Attempts to address the incentives created by the first to cause cost burden in the long term
2. Proposes a timing that would prevent the need to do so many retool studies and provides more cost and timing certainty
3. Tries to address the problem of last-minute queue submission

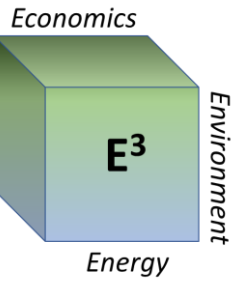
...but it also is incomplete and ignores incentives and how to deal with the current problem

1. No transition mechanism and that is the immediate need
2. Would create large time gaps in getting new resources through the queue and ready to offer in RPM auctions with an 18-month gap between completion of queues and reduces the opportunities for new entry
3. Still an incentive to wait until the last moment to submit and there is no guarantee that there will not be the same problems getting queue process started on time due to last-minute volume.



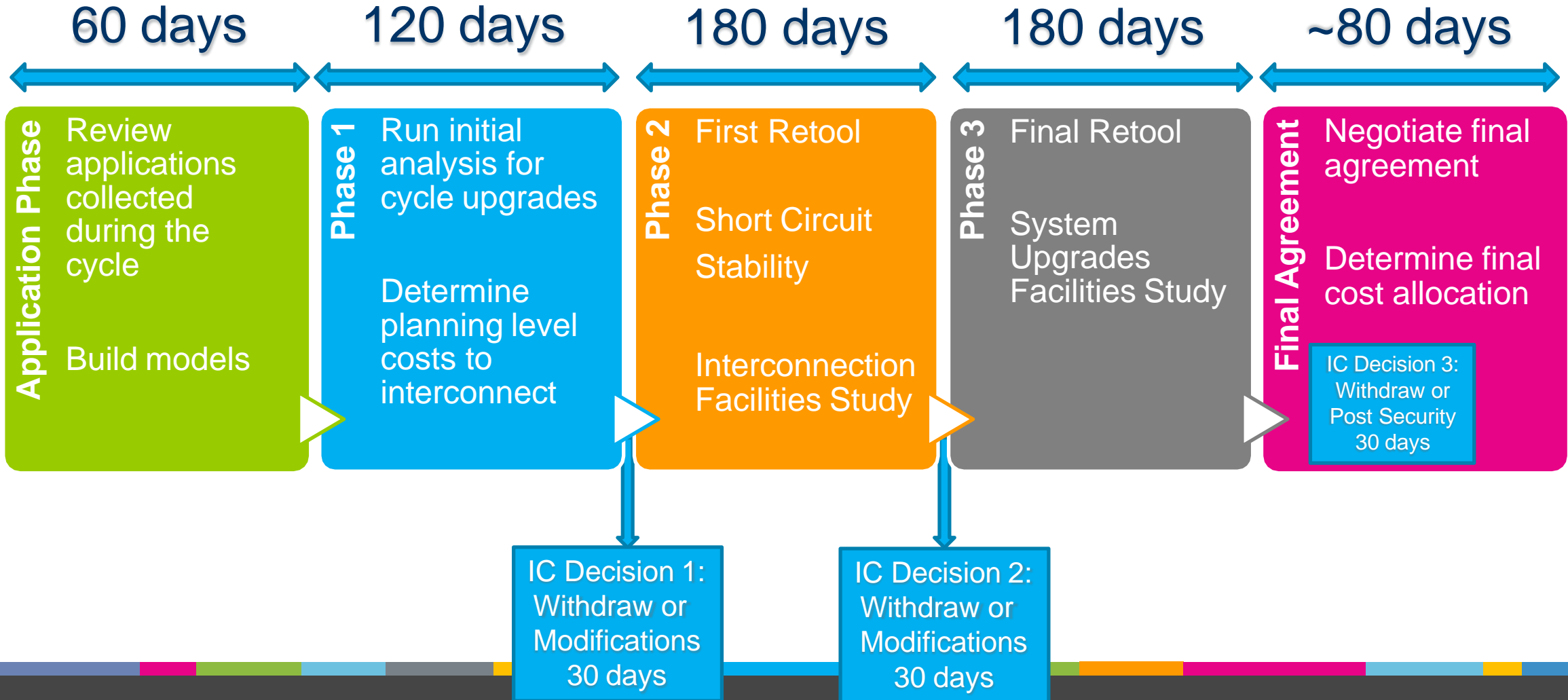
Proposed Application Process

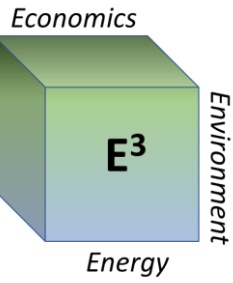
- Single closing period for kicking off a cycle (Same of PJM)
- Review all applications as they come in to spread out the work (Differs from PJM)
 - As the application windows continues, increase the cost of submission to avoid last minute submissions to solve this problem
 - 1st 4 months, \$4,000/MW; 2nd 4 months, \$8,000/MW, 3rd 4 months \$12,000/MW (extrapolates from PJM proposal)...this provides and incentive to submit early in the window
- Single application agreement with milestone payments as the process continues (Same as PJM)
 - Typical data required + dynamic data up front
 - Shared facilities agreement required if connecting behind another POI
 - Option for electrically equivalent POIs that can be used (user provides evidence)
- Check for permitting as required (Differs from PJM)
- Check to ensure physical footprint of site under control can support amount of generation proposing to interconnect (Differs from PJM)



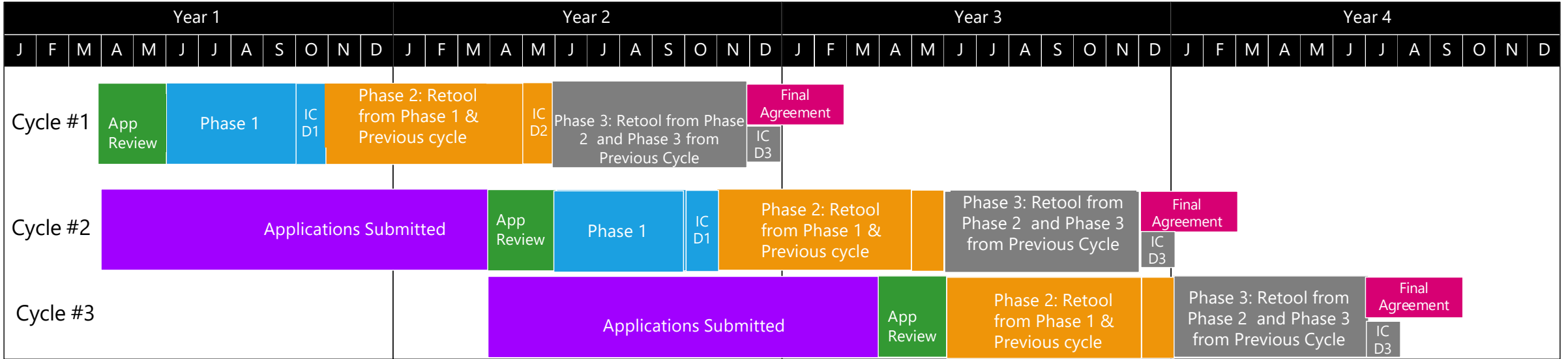
Proposed Framework Overview

Total time per cycle – 680 days...30 Days shorter than PJM



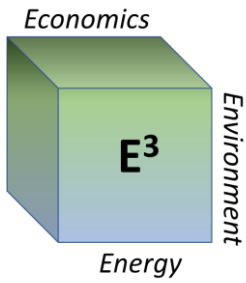


Proposed Timing For Interconnection Cycles



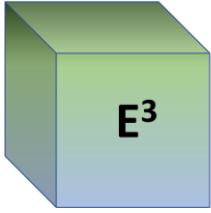
Subsequent Cycle Start

- Application window is 60 days.
- Only completed applications received by the Application Deadline will be considered for the upcoming Cycle.
- Applications will be reviewed as they come in and during the Application Review period.
- Phase 1 of Cycle #2 will only start after Phase 2 of the previous cycle has concluded AND decisions made before The start of Phase 3.
- Phase 3 of previous cycle can be used to retool after Phase 3 of cycle 1 is done...3 queue cycles in a 3.5-year period as opposed to 2 cycles from PJM

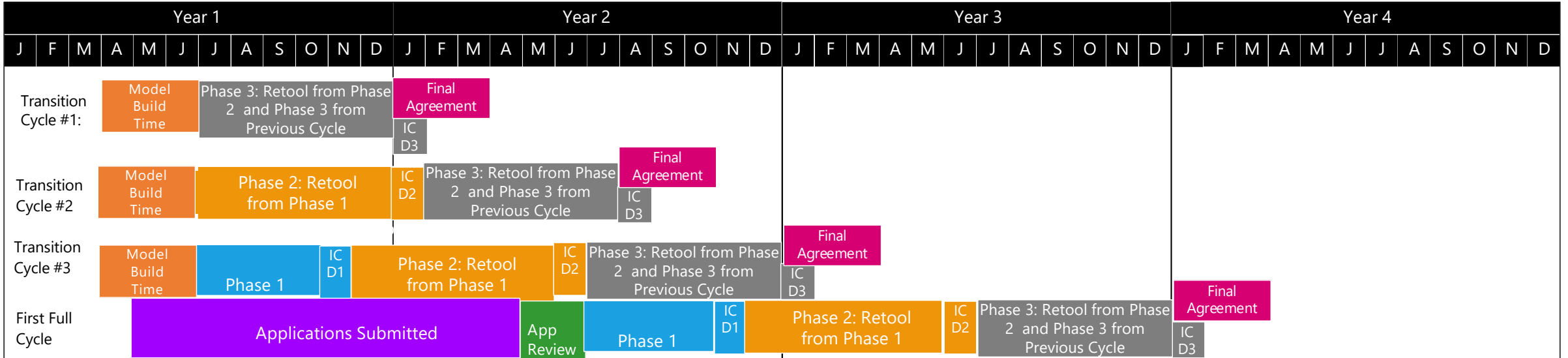


Advantages of Compressed Time Frame Relative to PJM Proposal

- Results in a new set of resources that have gone through the entire queue process in each year on a predictable basis. This is 6 month less time in between resources completing the process compared to PJM's proposal.
- Uses the Re-tool features in Phase 3 of each cycle to account for all interconnection decisions from the previous queue and all changes from the current queue.
 - Allow stability and short circuit to Phase 3 given updated power electronics such as inverters, etc.
 - Does not add to the number of retools
- Shorter application window should reduce the number of applications to be reviewed and modeled compared to the PJM proposal.

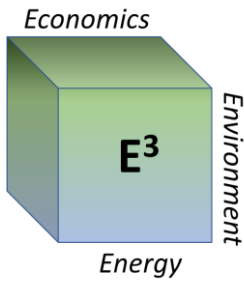


Proposed Transition Mechanism



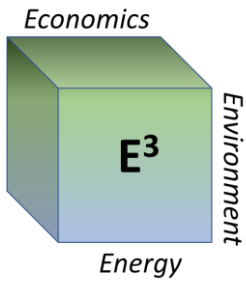
Notes

- Transition Cycle #1 includes all Z1, Z2, AA1, AA2, AB1, AB2, AC1, AC2. (executed ISA, Interim ISA or FSA executed)
- Transition Cycle #2 includes AD1, AD2, AE1, AE2, AF1, AF2 (choice)
- Transition Cycle # 3 includes AG1, AG2, AH1
- First Full Cycle begins with what would be AH2 and AI1 queues.



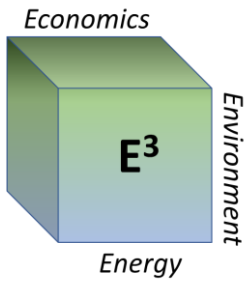
Advantages of Proposed Transition Mechanism

- Clears the current queue in about 2.5 years compared to 5-7 years as cited by Amazon and was not refuted by PJM
- Leverages the fact most queue positions in the first transition cycle have issued SIS Reports
- Forces decisions absent the “first to cause cost burden” to be made given the long time in queue already.
 - If somebody is still in the queue...and does not have an ISA, they are waiting for others to drop
- Leverages the use of the group retool of in subsequent transition cycles to account for decisions to be made.



Advantages of Proposed Transition Mechanism

- Projects that are already moving forward have already decided to do so, though this could change cost allocation for those projects
- No reason for those still active in the queue to opt out of the new option given the incentives to hang around in the queue given the “first to cause” cost burden and risk is gone
- Forces decisions for projects to make quick decisions and move out of the queue to prevent backlogs and clogging the queue
- Leverages the use of the group retool as an opportunity to provide certainty to make decisions



Questions?

Paul M. Sotkiewicz, Ph.D.

drpaulg8r@gmail.com or paul.sotkiewicz@e-cubedpolicy.com

610-955-2411 or 352-244-8800