



PJM Alternate Proposal and Evaluation and Selection Schedule

Special PC - Consideration of Cost
Commitment for Evaluation of
Competitive Transmission Proposals

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| Category | Design Components |
|--------------|---|
| Transparency | PJM communication to stakeholders of proposal evaluation status/outcome |
| Transparency | During and Post Construction Notification of project Costs |
| Transparency | Confidentiality of Proposal |
| Enforcement | Enforcement Mechanism |
| Evaluation | Evaluation of Cost Commitment -- Analysis/Comparison method |
| Evaluation | Assessment of Cost Commitment Exceptions (Quality of the cost commitment) |
| Evaluation | Evaluation of total project cost and risk of actual cost exceeding the independent PJM estimate (all projects)/ Risk Evaluation |
| Evaluation | Cost Containment Mechanisms Evaluated by PJM / Capping components |

- Cost Containment Mechanisms Evaluated by PJM / Capping Components
 - PJM alternate: Status quo, currently all are allowed to be submitted and all are evaluated at PJM's discretion
 - Evaluate risk of construction cost exceeding the estimate based upon specific project risk factors
 - Evaluate the revenue requirement impact of cost containment based upon selected variable inputs



Hypothetical Decisional Scenarios for Discussion*

* For discussion only, not a decisional procedure

Poor Performance Scenario

| | Performance | Feasibility | Relative Cost | Cost Containment |
|------------|-----------------|-----------------|---------------|------------------|
| Project #1 | below threshold | straightforward | low | Yes |
| Project #2 | below threshold | straightforward | low | No |
| Project #3 | below threshold | challenging | high | No |
| Project #4 | below threshold | straightforward | low | No |
| Project #5 | below threshold | risky | high | Yes |
| Project #6 | below threshold | challenging | very high | Yes |

Performance v. Risk v. Cost Scenario #1

| | Performance | Feasibility | Relative Cost | Cost Containment |
|-------------|---------------------|-----------------|---------------|------------------|
| Project #91 | above threshold | straightforward | low | No |
| Project #92 | below threshold | straightforward | low | No |
| Project #93 | above threshold | straightforward | low | Yes |
| Project #94 | far above threshold | risky | high | No |
| Project #95 | below threshold | risky | high | Yes |
| Project #96 | far above threshold | challenging | very high | Yes |

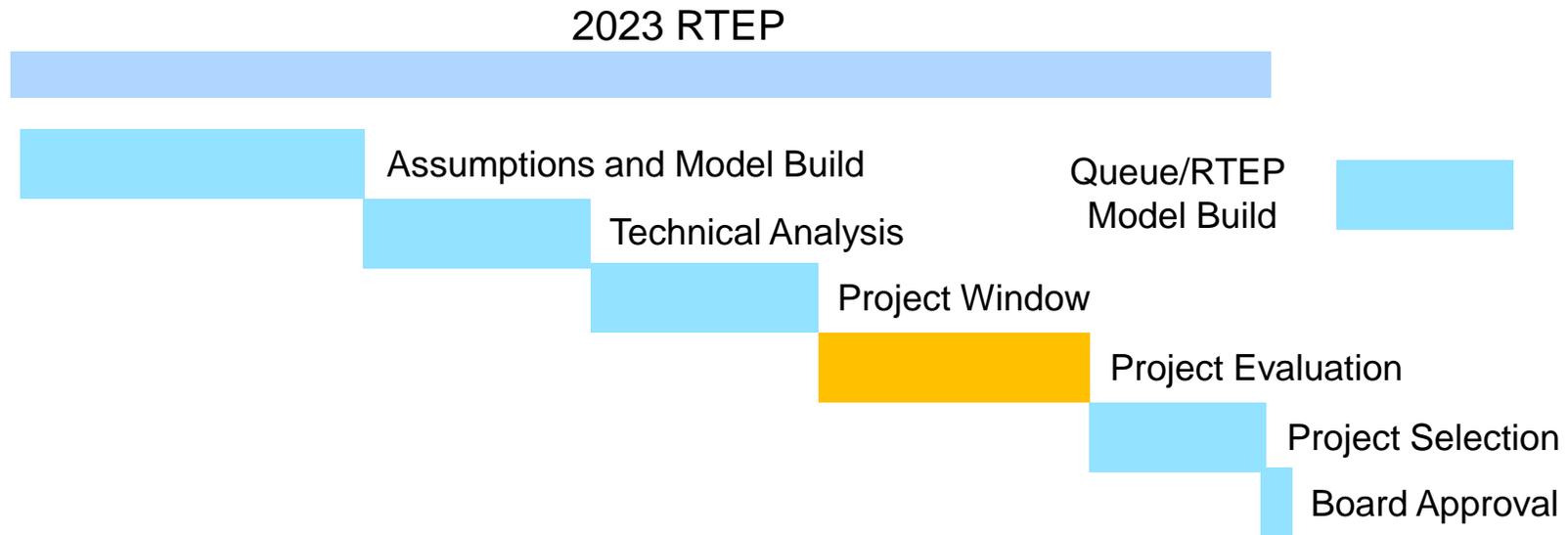
Feasible, Low-Risk Performer Scenario

| | Performance | Feasibility | Relative Cost | Cost Containment |
|------------|---------------------|-----------------|---------------|------------------|
| Project #A | below threshold | straightforward | low | Yes |
| Project #B | below threshold | straightforward | low | Yes |
| Project #C | above threshold | risky | high | Yes |
| Project #D | above threshold | risky | high | No |
| Project #E | far above threshold | straightforward | low | No |
| Project #F | above threshold | challenging | very high | No |

Performance v. Risk v. Cost Scenario #2

| | Performance | Feasibility | Relative Cost | Cost Containment |
|-------------|---------------------|-----------------|---------------|------------------|
| Project #J1 | above threshold | straightforward | low | No |
| Project #K2 | below threshold | straightforward | low | No |
| Project #L3 | far above threshold | straightforward | low | Yes |
| Project #M4 | above threshold | risky | low | No |
| Project #N5 | below threshold | risky | high | Yes |
| Project #P6 | far above threshold | challenging | very high | Yes |

Transmission Planning Process Timeline

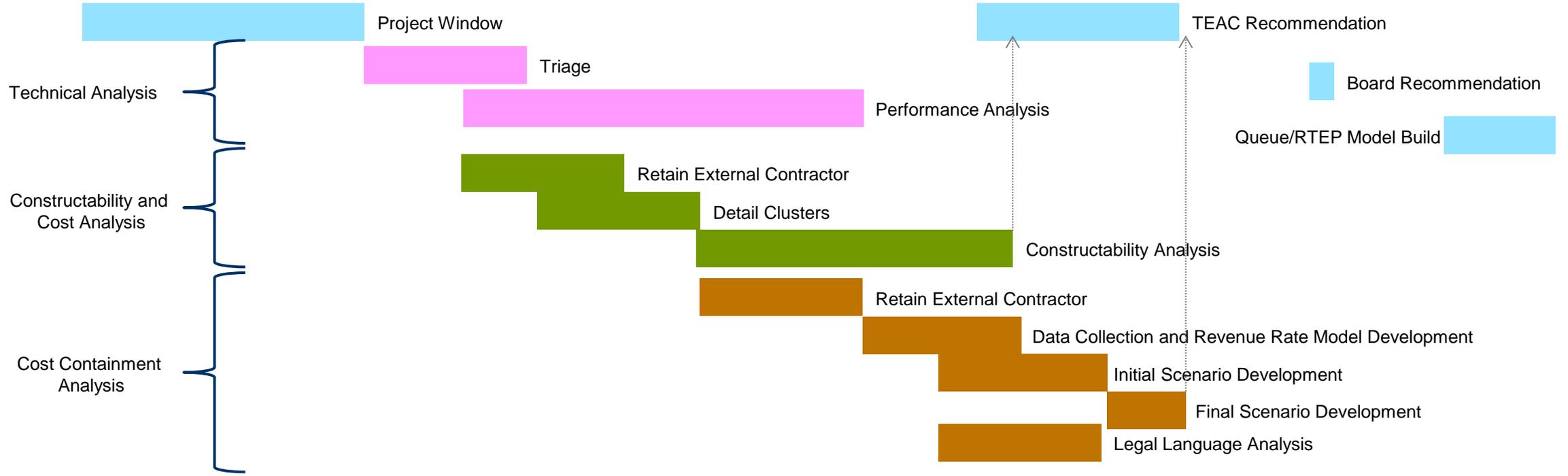




Transmission Planning Process Timeline

Evaluation and Selection

Existing Process

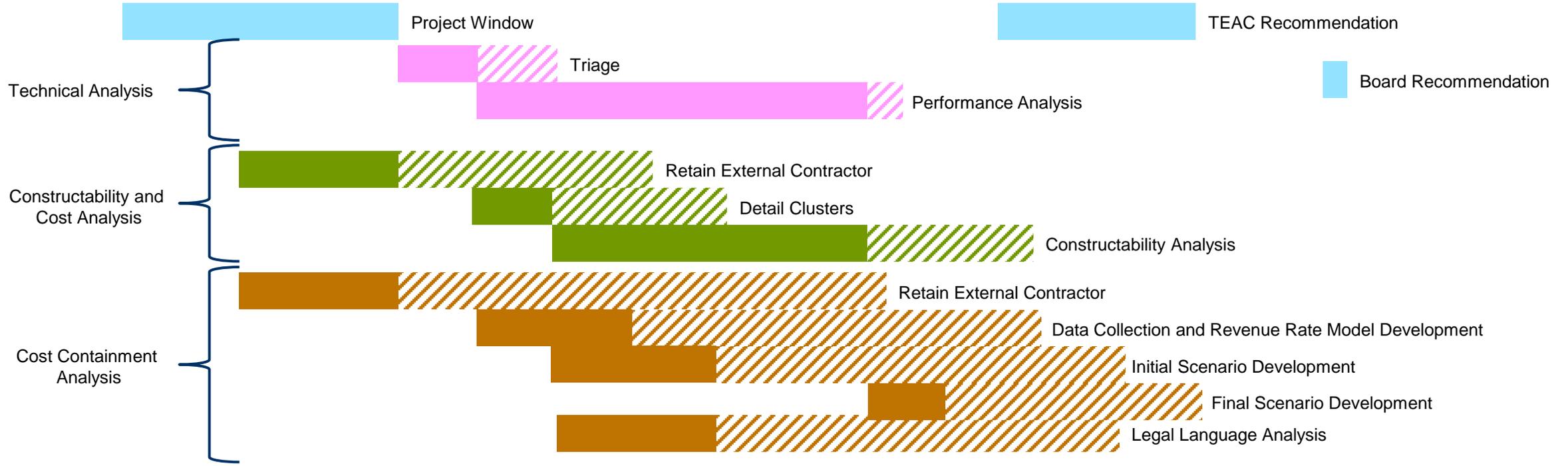




Transmission Planning Process Timeline

Evaluation and Selection

Optimized Schedule

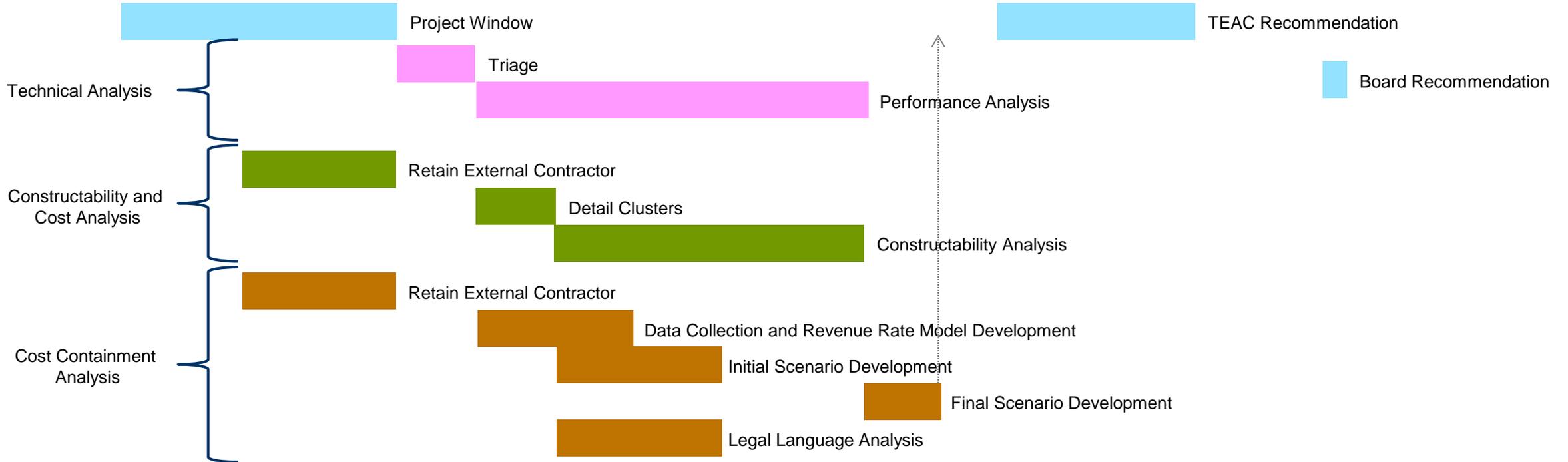




Transmission Planning Process Timeline

Evaluation and Selection

Optimized Schedule



- Prior to window close
 - Preliminary scoping of consultant work
 - Retain consultants
- After the window closes
 - Triage and processing of project proposal submittals
 - Stakeholder feedback
 - Mitigate schedule risks for critical path items
 - Triage
 - Constructability analysis
 - Data collection
 - PJM resources
- Cost containment analysis scenarios performed for variations of ROE, capital cost, and equity structure inputs