



Interconnection Process Reform Task Force (IPRTF) Transition Proposal Packages

Jack Thomas
Knowledge Management Center
February 8, 2022
Planning Committee

- Interconnection Process Reform Task Force
 - Approved to start work at April 6, 2021 Planning Committee
 - Address issues identified as a result of the Interconnection Process Workshops that occurred in 2020.
- First IPRTF meeting – April 23, 2021
- IPRTF has had 15 meetings to date

- Interconnection studies
- Cost concerns
 - Project cost estimates
 - Cost responsibility for network upgrades
- Interim operation and agreements
- New Service Request requirements, requirements to proceed through the process and rules around project modifications
- Opportunities that can reduce the current and future interconnection queue backlog

- Total Companies – 545
- Member Companies – 290

- Poll focused on packages related to how PJM will transition to a new interconnection process

Design Components	 PJM 	 National Grid Renewables 
Queues continued in current process	All thru AD2	All thru AD2
Expedited Process	<ul style="list-style-type: none"> • AE1 thru AG1 • Fast Lane Criteria – Projects will cost allocation towards upgrades less than or equal \$5 million • ~ 450 projects • Estimate 18 months to complete 	<ul style="list-style-type: none"> • AE1 thru AG1 • Fast Lane Criteria - No network upgrades or cost allocation • ~ 300 projects • Estimate 12 months to complete

Green = All Stakeholders Blue = PJM Members Only

Design Components	PJM	National Grid Renewables
Transition Cycle #1	Re-queued projects from AE1 thru AG1	Re-queued projects from AE1 thru AG1
Transition Cycle #2	AG2 and AH1	None
Transition Cycle #3	None	None
Cycle #1 of New Process	AH2 and beyond	AG2 and beyond

- February 8 PC
 - Transition Packages Endorsement
- March 4, 11 and 15 IPRTF
 - Review OATT Language Updates
- March 23 MRC
 - First Read Process and Transition Packages
- April 27 MRC/MC
 - Same Day Vote for Process and Transition Packages

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Interconnection Process Transition Packages



Member Hotline

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Appendix



PJM Transition Proposal Update

Jason Connell
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- Goals of the transition proposal
- Review issues with previously proposed transition options
- Establish assumptions upon which the new option is based and walkthrough the new transition option

- Timely move to the newly proposed process
- Get backlogged generation through the queue and into the construction phase
- Eliminate speculation from the queue
- Reduce the time for closing the queue to as little as possible
- Balances projects that would have proceeded under existing rules but are delayed due to timing/other projects

- Time to move to new process vs. Flexibility under old process
 - Options either preserved flexibility and took too long to enter into the new process or cut over to the new process quickly potentially at the expense of existing projects
 - Balanced options between new process and transition timing still could endanger existing projects
 - PJM's Option #4 potentially not strict enough in moving projects towards the new cycle-based approach leaving the bulk of projects under the existing cost allocation rules continuing backlog delays

- The effective date of the transition is October 1, 2022 based on the current work plan
- PJM expects to complete queues through the end of AD2 under the existing process by the transition date. Projects will be worked under the current process until the effective date of the transition (“business as usual”).
- After the transition date, based on historical throughput and recent re-prioritization, PJM expects to be able to complete approximately 300 projects per year that remain in the existing process. Complete indicates entering into a final agreement or withdrawal.
- Projects that have received a final ISA/WMPA for execution or have a signed final agreement will not be subject to the transition
 - Executed Interim ISAs do not fall into the above category

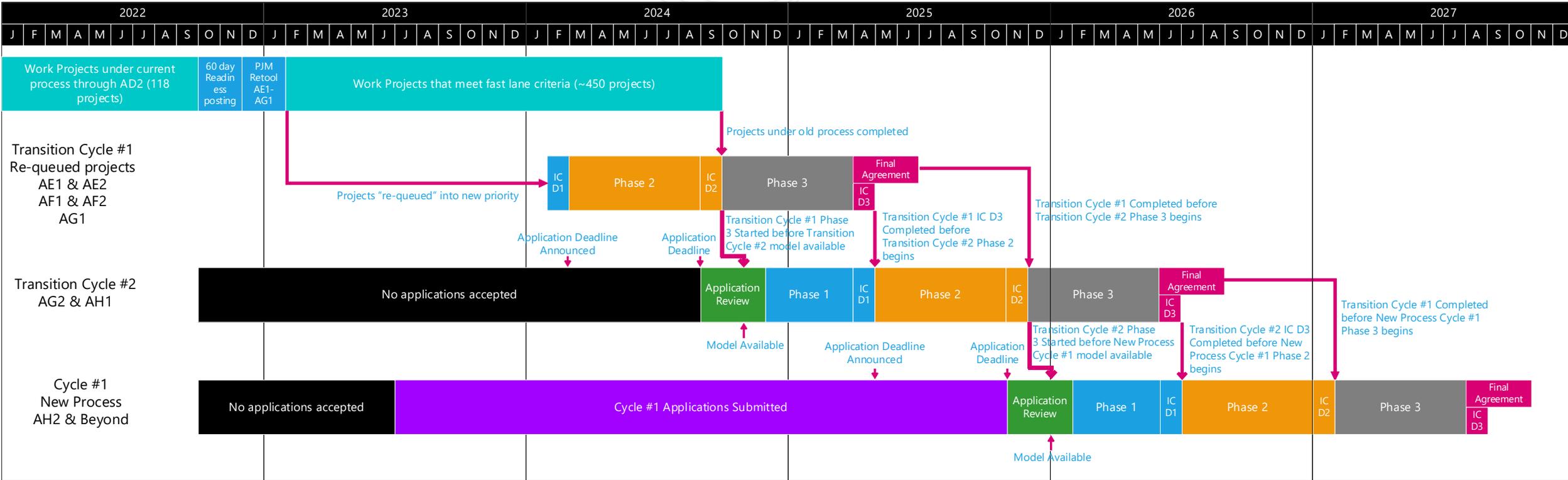
- PJM will limit the amount of projects that can remain under the existing cost allocation structure by developing a fast lane.
 - As of the transition date in the filing, all AE1-AG1 projects will have 60 days to post \$4K / MW as a readiness deposit and demonstrate the site control again for their generation facility for one year. Deposit is not at-risk.
 - Projects that have met this requirement will be retooled to determine shared network upgrade impacts
 - Network upgrade impacts includes the project meeting any cost allocation thresholds for shared network upgrades or a project being the first to cause the need for a network upgrade
 - Projects that have approved baselines and/or supplemental projects that obviate the need for a network upgrade will not be counted as a network upgrade impact but as contingent facilities
 - Affected system studies will not be evaluated during this retool

- Projects that are the first to cause a network upgrade or have cost allocation eligibility to a network upgrade for load flow and short circuit violations that are less than or equal to \$5 million ONLY will be allowed to enter the fast lane :
 - Facilities needed to interconnect the project will not be considered
 - PJM estimates approximately 450 projects will meet this criteria
 - No additional readiness requirements for fast lane projects
 - If a project is an uprate whose base project does not qualify for the fast lane, the uprate will also not qualify regardless of the analysis results.
 - If stability analysis or a sag study is completed during the fast lane and it is determined that a project has a network upgrade > \$5 million, it will be removed from the fast lane and shifted to Transition Cycle #1
 - If it is determined, during the Facilities study, that the scope of the project has changed such that the estimate of the upgrade is now > \$5 million, the project will be removed from the fast lane and shifted to Transition Cycle #1
- Projects that enter the fast lane will have their Facilities Study completed and their ISA/ICSA tendered under the existing cost allocation rules.

- Why use \$5 million or less?
 - PJM's current tariff has different treatment for upgrades that are \$5 million or less
 - No inter-queue cost allocation with only the driver project and those who contribute in the same queue being eligible.
 - This amount should cover the bulk of substation and terminal equipment upgrades and, as a result, shorten durations for Facilities study work
 - PJM will use existing cost estimates from on-going Facilities studies and retooled analysis to determine eligibility without having to reassess all project's detailed cost allocation

- Projects that have a cost allocation eligibility for a shared network upgrade greater than \$5 million will be processed in Transition Cycle #1.
 - Remaining projects re-queued into a single transition cycle to speed up the transition to the new process
 - Transition Cycle #1 will start within one year of the transition while the fast lane projects are ongoing. Phase #3 of Transition Cycle #1 will not begin until all fast lane projects are completed.
 - Retooled results and the new case will be provided in advance of IC Decision #1.
 - Rules applied will be consistent with the new process including readiness requirements such as deposits and site control with one exception:
 - Site control requirement at IC D3 will be reduced from 3 years to 1 year.
 - RD2 will be required by the end of IC Decision #1 and the original \$4K / MW provided at the initial 60 day period will be at risk

- AG2 and AH1 queues will be processed as Transition Cycle #2
 - Projects will be permitted to submit revised technical data and configuration
 - Increases to the MFO requested will not be permitted. Developers may choose between the primary and secondary POIs identified during the scoping meeting prior to the start of application review.
 - Rules applied will be consistent with the new process including readiness requirements such as deposits and site control with one exception:
 - Site control requirement at IC D3 will be reduced from 3 years to 1 year.
- All projects that have not been studied (AH2 and beyond) will be maintained and asked to submit changes to their application under the new process
 - Allows PJM to reduce the time to start accepting new applications to only 8 months
 - These projects would likely have to submit significant changes from their applications to PJM as a result of the delay
 - Projects submitted that claimed deactivating CIRs will be preserved by maintaining their queue position
 - Projects accepted in this cycle will be fully under the new rules and processed as New Cycle #1.



- Advantages
 - Consolidates the transition into two distinct parts – fast lane and two transition cycles
 - Fast lane bound by projects that can proceed upon completion of Facilities study which limits those under the serial cost allocation rules
 - Preserves the ability for backlogged projects who would have received an ISA under the existing process if not for queue delays
 - Reduces the time that the queue is closed for the transition and gets to the new process the quickest of all previously proposed PJM options.
 - Move projects with the least amount of network upgrades forward to an ISA to begin construction
 - Minimizes construction on the transmission system from a shared network upgrade viewpoint
 - Allows projects that could be used to meet state RPS goals to move quickly
- Disadvantages
 - Some projects may be pushed to Transition Cycle #1 due to small allocations of greater than \$5 million network upgrades
 - Longer fast lane transition process
 - Transition Cycle #1 will have a mix of projects from AE1-AG1 which may disadvantage some projects

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National Grid Renewables Transition Proposal

National Grid Renewables (NG Renewables) appreciates the efforts of PJM and all stakeholders to move the transition proposal to its current form. We believe the current PJM proposal incorporates stakeholders inputs to reach the consensus (CBIR process).

However, the goal of this task force is to develop revisions to effectuate meaningful queue reform. That goal is ultimately achieved by implementing the new, steady state generator interconnection process in a timely manner as possible. To accomplish this, the current transition proposal can be improved to shorten the transition timeframe by approximately 6-8 months.

To accomplish this NG Renewables recommends making the following changes:

- 1) “Grandfathered” sequencing process scope - revert back to limiting eligibility to legacy projects with zero impacts – see top line in attached chart
- 2) If (1) is accepted, then the risk of model changes between the grandfathering sequencing process and transition cycle 1 should be minimal and the transition cycle 1 can begin earlier/shifted to the left to execute concurrently with the grandfathering sequence processing – see second line / transition cycle 1 in the attached chart
- 3) New Process Cycle 1 Scope – the scope of the first cycle under the new process should include all projects from AG2 forward – AG2 and AH1 should not be part of an independent queue in the transition sequencing to move to the new cycle – the goal of this entire exercise is to move to the new process as soon as possible / processing of AG2/AH1 queues has not commenced and therefore no rights, costs or expectations under the current/effective GI rules are in place and these projects should be moved to Cycle 1 of the new process to facilitate meaningful queue reform – this first cycle under the new process would be moved to the left in line with the shift of the transition cycle in line 2 in the attached chart - see third line / Cycle 1 new process in the attached chart
- 4) Cycle 2 of the new process under NG Renewables proposal would begin before all other proposals finish their transition process.
- 5) Meaningful Queue Reform - The above changes to the current proposal will facilitate the initiation of the new process 6-8 months sooner than the current transition proposal enabling cycles 1 and 2 of the new process to begin in early 2024 and 2025 respectively – a process that delays the commencement of the new process beyond these timeframes arguably contravenes the goal of meaningful queue reform – see overall attached chart compared to the chart that reflects the current transition proposal

2022 2023 2024 2025 2026 2027

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Work projects under current process through AD2 (118 projects) 60 day Readiness posting PJM Retool AE1-AG2 Work Projects that have no shared network upgrades or cost allocation (~ 300 projects)

Projects under old process completed

Transition Cycle #1 Re-queue projects AE1 & AE2, AF1 & AF2, AG1

IC D1 Phase 2 IC D2 Phase 3 Final Agreement

Projects "re-queued" into new priority

Application Deadline Announced Application Deadline

Transition Cycle #1 Phase 3 Started before New Process Cycle #1 model available

Transition Cycle #1 IC D3 Completed before New Process Cycle #1 Phase 2 begins

Transition Cycle #1 Completed before New Process Cycle #1 Phase 3 begins

Cycle #1 New Process AG2 and Beyond

No applications accepted

Cycle #1 Applications Submitted

Application Review Phase 1 IC D1 Phase 2 IC D2 Phase 3 Final Agreement

Application Deadline Announced Application Deadline

Model Available

New Process Cycle #1 Phase 3 Started before New Process Cycle #2 model available

New Process Cycle #1 IC D3 Completed before New Process Cycle #2 Phase 2 begins

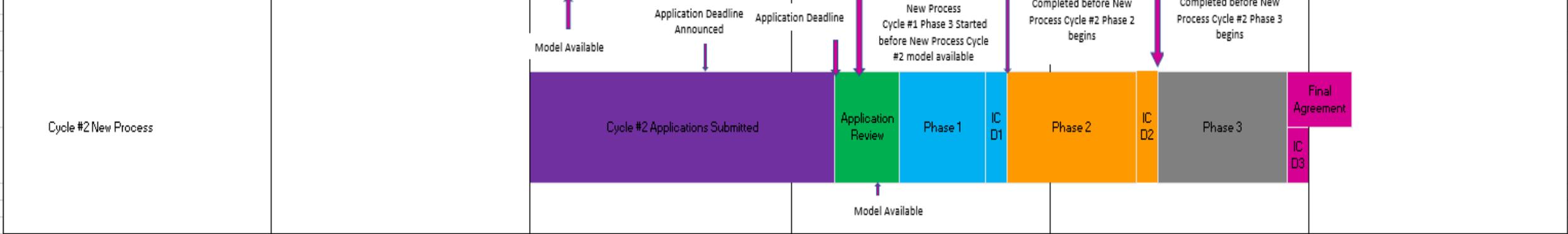
New Process Cycle #1 Completed before New Process Cycle #2 Phase 3 begins

Cycle #2 New Process

Cycle #2 Applications Submitted

Application Review Phase 1 IC D1 Phase 2 IC D2 Phase 3 Final Agreement

Model Available



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