



December 6, 2016

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Mark,

On December 1, 2016, PJM hosted three Sub-regional RTEP meetings for the Southern, Mid-Atlantic and Western regions. Over the course of these three meetings, PJM reviewed almost 100 projects of which roughly 80% were supplemental. The purpose of this letter is to offer observations and request format changes to improve the next round of sub-regional meetings.

First, in these meetings, 19 "immediate need" projects totaling approximately \$162.5M were presented. Immediate-need reliability projects are projects where PJM has determined that insufficient time remains for a short-term project proposal to be implemented, and, as such, default to the incumbent transmission owner for construction for Order 1000 open window purposes. Including the number of immediate need projects from the November 3, 2016 Transmission Expansion Advisory Committee, PJM and the transmission owners have identified approximately \$682.5M of immediate need projects in a one month period.

PJM and the Transmission Owners need to get in front of the transmission planning process to eliminate or at least minimize the number of these projects. There needs to be sufficient lead time to enable the planning process as contemplated by Orders 890 and 1000 to be implemented.

Second, during the December sub-regional meetings the PJM transmission owners proposed over \$836M in new supplemental projects as well as some projects with no cost estimates at all. The level of detailed support for these projects ranged from little (aging infrastructure) to nearly adequate. What remains missing is transparent criteria and/or guidelines, how these criteria/guidelines were applied to the specific projects, as well as the assessment methodologies that go along with these projects.

Based upon our participation in the sub-regional meetings, AMP believes progress is being made with some of the Transmission Owners. AMP will continue working with all to get to the level of transparency, openness and coordination contemplated via Order 890. However, there is still much work to be done.

For example, from the Mid-Atlantic and Western sub-regional meetings, two of the projects initially presented on December 1st were already complete. Seven projects were in construction, and 24 were in engineering. It is not possible to offer meaningful input on projects at this stage of development.

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AMP looks forward to additional progress being made at the next round of sub-regional meetings. To continue that progress, AMP recommends that the following be provided during those meetings:

- The current status of each project
- Specific drivers for each project. While the assumptions meetings are helpful, there is still no specific criteria or guidelines for Supplemental Projects. Having this information beforehand, as well as an explanation of how these guidelines and criteria have been applied to each project, would be helpful.
- For projects discussed at prior meetings, please add information to the slides that reflects the scope of the original project, including the date the project was originally discussed.
- For projects related to another project, please reference and briefly summarize the related project
- Please update the slides to reflect the additional information provided verbally during the meeting to ensure we have sufficiently memorialized the information.

As a process improvement for going forward, AMP would suggest PJM establish a standard template of what minimum information should be presented for every project. This should include the problem statement (with project-specific drivers), alternatives evaluated, potential solutions, costs for all alternatives and solutions, required and expected in service date, and the status of the project. If the expected in service date is after the required in service date, provide the mitigation to be employed until the facility can be placed in service. As part of PJM's facilitation of the Sub-regional RTEPs and to facilitate pre-meeting review to have more meaningful discussions during the meetings, we suggest that PJM ensure the complete project information is developed and posted at least 5 business days prior to the meeting.

AMP would also suggest PJM work with each Transmission Owner to develop maps that will clearly convey project scope.

Finally, PJM has been updating the slides and tracking the updates via a "revisions" slide at the end of each presentation. As there is no redline, AMP requests PJM retain the original versions as well to facilitate comparison and tracking of modifications.

Mark, thanks again for facilitating these meetings. We look forward to continued improvement with your guidance.

Sincerely,



Edward D. Tatum, Jr.
Vice President Transmission
American Municipal Power