



Consumer Perspective:

FERC Order 1920 and PJM's compliance filing

**September 24, 2024 (revised
10/3/2024)**

Topics

- } General Perspective & Support for Holistic Planning
- } Transparency of local transmission projects (and generally)
- } Support for Alternative Transmission Technologies
- } Final Thought

1. General Perspective and Support for Holistic Planning

There is support for the overall purposes of FERC Order 1920:

“In this final rule, the Commission requires transmission providers to conduct Long-Term Regional Transmission Planning that will ensure the identification, evaluation, and selection, as well as the allocation of the costs, of more efficient or **cost-effective** regional transmission solutions to address Long-Term Transmission needs.”*

*FERC Order 1920, Building for the Future Through Electric Regional Transmission Planning and Cost Allocation, final rule, May 13, 2024, page one (summary). (emphasis added)

Support for Holistic Planning

- } Consumer advocates have long advocated for cost-effective, holistic planning.
- } Order 1920 requires project selection based on 7 benefits:
 1. avoided/deferred transmission and aging infrastructure replacements
 2. loss of load probability and reduced planning reserve margins
 3. production cost savings
 4. reduced transmission losses
 5. reduced congestion due to transmission outages
 6. mitigation of extreme weather events/unexpected events
 7. capacity cost benefits from reduced peak energy losses

...all benefits are related to reliability or cost-effectiveness.

*FERC Order 1920, Building for the Future Through Electric Regional Transmission Planning and Cost Allocation, final rule, May 13, 2024, page one (summary).

2. Transparency

- } The TEAC special sessions are greatly appreciated. They demonstrate PJM's interest in stakeholder perspective and a transparency into comments provided.
 - Question: Has PJM received comments outside of the public sessions.
 - Question: Can PJM summarize those comments that PJM is considering?
- } Overall, transparency is an expectation of the advocates. There is [always] room for improvement. The advocates have suggestions on ways to improve transparency.

Transparency of local transmission projects

- } FERC Order 1920 requires meaningful transparency of local planning projects.
- } Both PJM and Transmission Owners have stated that the PJM M-3 process provides “meaningful” transparency of local transmission planning.*
- } While the M-3 process provides some good foundational pieces, it lacks some basic informational components and thus, it is not considered meaningful to consumers – for example, reviewing cost effectiveness.
- } Question: Should “meaningful” transparency be defined by those presenting the information or those receiving the information?
- } **Question: How can stakeholders evaluate whether something is cost-effective if they are only provided the overall cost of the project?**
- } **Question: Who is evaluating cost-effectiveness?**

*e.g. FERC Technical Conference: Transmission Planning and Cost Management, FERC Docket No. AD22-8-000 & AD21-15-000, Post Technical Conference Comments of PJM Interconnection, L.L.C., March 23, 2023, FN. 26 “It is clear that stakeholders have made use of the Planning Community **and have had a meaningful opportunity** to participate in the Attachment M-3 Process.” (emphasis added)

Meaningful Responses are Required

Paragraph 1628 of FERC Order 1920

“....Lastly, we require that transmission providers must respond to questions or comments from stakeholders such that it allows stakeholders to meaningfully participate in these three required stakeholder meetings.”*

***Question: What accountability is there to ensure appropriate information is provided?**

*FERC Order 1920, Building for the Future Through Electric Regional Transmission Planning and Cost Allocation, final rule, May 13, 2024, paragraph 1628.

Inability to Get Critical Information

- } Deep dive of information conducted during the PJM (M-3) local project planning process for information presented in March and April, 2023.
- } March, 2023 – 21 local planning solutions posted by transmission owners;
 - Approximately \$133 million in overall proposed costs presented.
 - State jurisdictions did not have oversight for 9 of the 21 (43%) or \$76.6 million worth of projects based on my review.
- } April, 2023 - 23 local planning solutions provided by transmissions owners;
 - Just over \$410 million in overall proposed costs presented.
 - State jurisdictions did not have oversight for 17 of the 23 (74%) or \$386 million worth of projects based on my review.

*PJM Planning Committee, Item 5 – cost drivers in M3 process, April 11,2023 – slide 16 & PJM Planning Committee, Item 6, presentation ”Cost drivers in M3 process”, May 7, 2023 - slide 3.

Requests For More Information in April, 2023 Were Not “Meaningful”

- } A few questions were posted in the PJM Planning Community for the 22 solutions presented.
- } Responses for two questions were evasive – what I call litigation mode responses:
 - **Please Provide a breakdown of the project budget for the identified solution?**
 - All of the responses provided a similar canned response.
 - Thus, consumers only have the “sticker price” for these projects.
 - **Does the state utility commission have planning oversight over this solution, which state?**
 - All of the responses provided the same canned response that did not answer the solution specific question. (Some of the diagrams made it hard to tell the state(s) that were involved in the proposal.)

Currently, stakeholders lack the ability to get critical information.

Basic Questions Asked About the Solutions Presented to Stakeholders in April, 2023 and the Representative Responses

 Planning Support (PJM Interconnection, LLC) 

4 months ago

(1) How was the "Total Estimated Transmission Cost" of [\$\$\$] developed?

AEP develops "Total Estimated Transmission Costs" provided in project solutions meeting presentations in accordance with industry-standard cost estimation practices. These estimates are preliminary in nature, based on the initial scope of work assumptions, and incorporate an appropriate level of contingency to account for uncertainties and unpredictability. AEP updates these cost estimates as project development progresses, and such updated costs are provided through the Project Status & Cost Allocation page on the PJM website.

(2) Please provide a breakdown of this project budget.

The presented project cost is an early-stage engineering estimate. As more analysis is performed and project development work progresses, costs are updated through the Project Status & Cost Allocation page on the PJM website.

(3) Does a state utility commission have planning oversight?

Information concerning state utility commission review of individual Attachment M-3 Projects is reflected in state law, which is publicly available. AEP will obtain all necessary approvals required by state law.

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There is Also a Lack of Accountability in the M-3 Process: For Example, Projects Can Be Initiated or Completed Before Solutions are Presented. (There were 31 such instances in 2023.)

FirstEnergy APS Transmission Zone M-3 Process
Misoperation Relay Projects

Need Number	Transmission Line / Substation Locations	New MVA Line Rating (SN / SE)	Scope of Work	Estimated Cost (\$ M)	Target ISD
APS-2021-007	Oak Grove – Johns Jct 138 kV Line	292 / 314	• Oak Grove 138 kV Substation – Replace substation conductor	\$ 1.10 M	IN SERVICE
	Johns Jct – Parkersburg 138 kV Line	292 / 314	• Parkersburg 138 kV Substation – Replace substation conductor		
APS-2021-008	Belmont – Trissler 648 138 kV Line	308 / 376	• Belmont 138 kV Substation – Replace substation conductor and wave trap • Trissler 138 kV Substation – Replace substation conductor, circuit breaker, and wave trap	\$ 2.08 M	IN SERVICE
APS-2021-009	French Creek – Pickens 138 kV Line	308 / 376	• French Creek 138 kV Substation – Replace substation conductor, circuit breaker, and wave trap • Pickens 138 kV Substation – Replace substation conductor, circuit breaker, and wave trap	\$ 2.15 M	4/21/2023

Alternatives Considered: Maintain existing condition
Project Status: In construction
Model: 2022 RTEP model for 2027 Summer (50/50)

SRRTEP Committee: Western – FirstEnergy Supplemental 04/21/2023 15

*slide presented as an example to show some projects are completed prior to deadline to submit comments.

*PJM Planning Committee, Item 6, presentation "Cost drivers in M3 process, May 7, 2023 - slide 9.

3. Support for Alternative Transmission Technologies

- } Advocates support the consideration and use of alternative transmission technologies. These technologies could play an important role in ensuring the most efficient, cost-effective use of the regional transmission grid.
- } Unfortunately, consumer advocates have concerns that the obligation to “consider” these technologies is not “meaningful.” (Similar to the concerns expressed about the transparency expectations in the PJM M-3 process discussed above.)

3. Support for Alternative Transmission Technologies

- } PJM's August 27, 2024 presentation acknowledged that Alternative Transmission Technologies (e.g. Dynamic line ratings, advanced power flow control devices, and advanced conductors, transmission switching) must be considered in LTRTP.
- } Yet, PJM has asserted it does not intend to require transmission owners to demonstrate or use these technologies in the PJM regional transmission planning processes.
- } If true, in my opinion, PJM's assertion will undermine the FERC directive (or at least PJM's role) in the implementation of long term regional transmission planning.
- } **Questions: How does PJM's (asserted) positions related to Alternative Transmission Technologies impact: (a) PJM's role in the process; (b) the current process altogether; and perhaps, (c) the reality that FERC's directive has no real power.**

4. Final Thought

} Right-sizing Right of First Refusal

- The Consumers Advocates support competition at the wholesale level.
- Order 1000 made significant improvements to regional transmission development methods by requiring competition in many aspects. Yet, the data demonstrates that transmission providers shifted their planning focus to areas that were NOT competitive – local transmission (with less transparency and in many cases minimal, to no, oversight).*
- The expectation is that FERC’s Right-sizing determination expands the areas of focus to some degree for the transmission providers. The concern is that FERC has now reduced the transparency and cost-effectiveness for a larger swath of the regional grid.
- Overall, there is a concern that this part of the order exacerbates the transparency/cost-effective concerns rather than addressing the real issues.

*See FERC Order 1920, Building for the Future Through Electric Regional Transmission Planning and Cost Allocation, final rule, May 13, 2024, paragraph 109 (citing filings by Public Interest Organizations and Ohio Consumers). See appendix slide for data supporting the transmission provider shift from regional to local projects over the last decade.

Contact Information

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Appendix

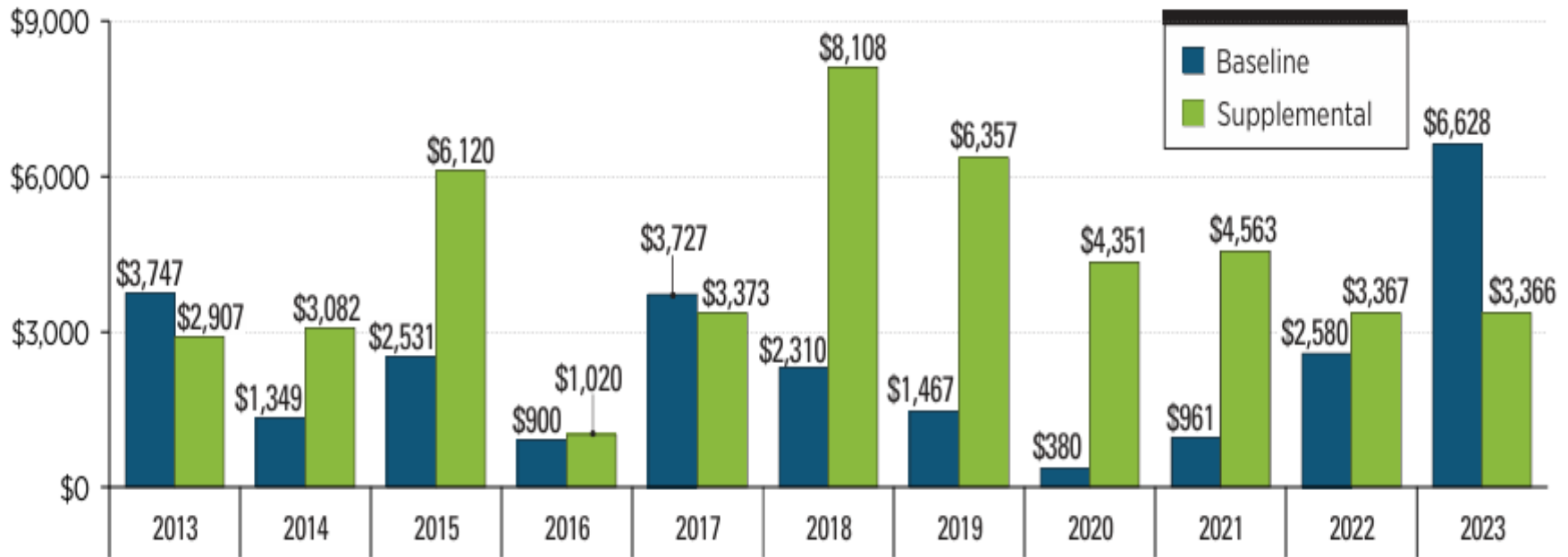
The shift from regional to local transmission projects over the last decade

*From 2014 though 2023, Just under \$44 Billion has been spent on supplemental projects in the PJM region while just under \$23 Billion has been spent on baseline projects.

* 2023 seemed to be an outlier for the regional transmission spend analysis with baseline costs doubling supplemental projects. I did a bit of research and found that more than half of the \$6.628 Billion, baseline expenditures in 2023 were in the Dominion zone (\$3.561 Billion). In fact, the 2023 baseline expenditures in the Dominion zone are over 15% of the baseline expenditures for the entire decade!

Figure 5.2: Baseline and Supplemental Proects by Year

Estimated Cost, Inflation Adjusted (\$M)



*PJM 2023 Regional Transmission Expansion Report, Figure 5.2, page 290 (March 7, 2024).