

**UNITED STATES OF AMERICA  
BEFORE  
THE FEDERAL ENERGY REGULATORY COMMISSION**

In the Matter of PJM Interconnection       :       Docket No.    ER20-45-000  
LLC    :                               EL19-61-000

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**COMMENTS**

**SUBMITTED ON BEHALF OF THE PUBLIC UTILITIES COMMISSION OF OHIO'S  
OFFICE OF THE FEDERAL ENERGY ADVOCATE**

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Pursuant to the Federal Energy Regulatory Commission's (Commission or FERC) Rules of Practice and Procedure, 18 C.F.R. § 385.206, the Public Utilities Commission of Ohio's Office of the Federal Energy Advocate (FEA) submits the following in response to PJM Interconnection, L.L.C.'s tariff filing: Revisions to the Operating Agreement, Schedule 6, Section 1.5, in Compliance with the Commission's August 30, 2019 Show Cause Order in EL19-61. PJM's proposed tariff revisions follow the Commission's rejection of PJM Transmission Owner Tariff Revision to exempt FERC Form 715 (Form 715) transmission projects from the competitive proposal window process under FERC Order 1000. The FEA filed an intervention in ER20-45-000 on October 9, 2019; and in EL19-61-000 on September 12, 2019.

**I.     BACKGROUND**

Pursuant to PJM's Operating Agreement, Form 715 projects result from PJM Transmission Owner-designated reliability criteria used to identify baseline upgrades approved by the PJM Board of Managers to be included in the Regional Transmission Expansion Plan (RTEP). As defined by PJM's Operating Agreement, Supplemental Projects are transmission expansions or enhancements that are not required for compliance with reliability, operational performance or economic criteria and are not a state public policy projects. PJM Transmission Owners also self-designate criteria as Supplemental Projects under the tariff Attachment M-3 process. In both instances, whether for reliability, end-of-life replacements or other reasons, both Form 715 and Supplemental Projects are currently exempt from the competitive window process under PJM's RTEP.

On August 30, 2019, the Commission instituted a proceeding in EL19-61, pursuant to Section 206 of the Federal Power Act, to require PJM to revise its Operating Agreement to no longer exempt from the competitive window process projects needed solely to address individual transmission owner Form 715 criteria. Separately, the Commission acted to require PJM to regionally allocate 715 projects equivalent to the current regional cost allocation of RTEP transmission projects, today.<sup>1</sup>

On October 7, 2019 in Docket ER20-45, PJM filed its response in the Commission's Show Cause Order requesting additional Commission guidance to effectuate the changes. PJM explains that it does not have any authority over Form 715

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<sup>1</sup> ER-1387-004 and ER15-1344-005, August 30, 2019. Collectively referenced along with EL19-61 as the "August 30<sup>th</sup> Orders."

projects as it is a “form promulgated and policed” by FERC. However, PJM claims that by virtue of its placement in Form 715, any transmission-owner criteria must be considered as a driver under PJM’s RTEP process and pursuant to FERC’s August 30 Orders will now be subject to the competitive window process. PJM asserts that it does not seek authority over transmission owners’ asset management decisions but notes that some PJM Transmission Owners include asset management activities in their Form 715 planning criteria; while others include them as supplemental projects that will continue to be exempt from a competitive window proposal process. In its filing, PJM suggests that one way for the Commission to reconcile its August 30 Orders is for FERC to determine that a transmission project is not subject to Form 715 planning criteria if it does not expand existing transmission system or incrementally increase capacity.

## **II. COMMENTS**

The FEA applauds the Commission for requiring a competitive process for Form 715 projects consistent with its requirement for other RTEP projects. On behalf of retail consumers in the state of Ohio, the FEA supports competition as a reasonable means, particularly when, otherwise, there are relatively weak incentives to encourage “least cost” outcomes, to provide reliable service. Competition often ensures transparency and the consideration of all available alternatives to ensure better overall utilization of the transmission system. In this case, the competitive window proposal process should be employed along with a rigorous review of the need for the transmission project regardless of whether that transmission project is proposed as a PJM RTEP, Form 715, or Supplemental Project.

The FEA understands that PJM Transmission Owners are the most knowledgeable parties regarding asset management of their transmission facilities. However, a fully-vetted demonstration of need based on established procedures is of the utmost importance to determine whether a proposed transmission replacement or upgrade has been fully examined and is warranted. Demonstration of need is the necessary first step in providing confidence to decision-makers that a new transmission project is warranted and all alternatives have been examined. Again, there should be no difference based on what “bucket” the transmission project falls into when determining the ultimate need for the project; however, there is an acute need for rigorous review of Supplemental Projects in the M-3 Tariff process due to the recent uptick in transmission spend in Supplemental Projects.

The FEA notes that there are certain limited exemptions from competitive bid under FERC Order 1000.<sup>2</sup> In addition to those exemptions, the FEA recommends that when, and only when, a PJM Transmission Owner establishes need for a transmission project through a transparent and a rigorous review, then narrowly-focused transmission project(s) could be exempt from competitive bid. An exempt project might appropriately relate to a PJM Transmission Owner’s demonstrated rationale around its asset management protocols for existing facilities such as substation replacement work or for line re-conductor activities, but again, only if the decision-maker has confidence that the process to review the project fully demonstrates the need for that project. If this high

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<sup>2</sup> PJM Operating Agreement, Schedule 6, Section 1.5.

standard is not met by the PJM Transmission Owner, then competition for the project, regardless of classification, is an appropriate market discipline to ensure that consumers receive the most cost efficient, effective, and reliable transmission service.

### **III. CONCLUSION**

The FEA thanks and fully supports the Commission for its efforts to extend its competitive proposal process to include all PJM Transmission Owners' Form 715 criteria driven projects for the reasons stated herein. Transparency, communication, demonstration of need, and continued process improvement review of *all* transmission projects, should continue to be a high priority for the Commission, PJM, its transmission owners, and its stakeholders. The FEA appreciates the Commission's diligence in this matter.

Respectfully submitted,

/s/Thomas W. McNamee

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### **CERTIFICATE OF SERVICE**

I hereby certify that the foregoing has been served in accordance with 18 C.F.R. Section 385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/Thomas W. McNamee

**Thomas W. McNamee**

Dated at Columbus, Ohio this October 28, 2019.

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Summary: Comments Submitted on Behalf of the Public Utilities Commission of Ohio's Office of the Federal Energy Advocate electronically filed by Mrs. Kimberly M Naeder on behalf of PUCO