

- Allocation methods discussed in this manual, including cutoffs, still apply to the individual projects.

### B.2.1 Definitions

- New Service Queue Close Date – The date on which a New Service Queue ends. Currently, in the PJM Open Access Transmission Tariff, the New Service Queue Close Dates are April 30th and October 31st.
- New Service Customer – The responsible party for a generator, merchant transmission, or other transmission upgrade project that is in the PJM New Service Queue.
- Queue Date – The date on which PJM receives a valid New Service Request from a New Service Customer.

## B.3 PJM Generation and Transmission Interconnection Cost Allocation Methodologies

The cost allocation procedure will continue to be evaluated and modified, if required, as the interconnection process proceeds.

### B.3.1 Load Flow Cost Allocation Method

New Service Customer requests are studied as a single study for all active projects in an individual New Services Queue. Network Upgrades are identified to maintain system reliability.

#### Individual Local & Network Upgrades which cost less than \$5,000,000

All New Service Customers with active New Service Requests in an individual New Services Queue will be allocated a cost for these Network Upgrades based upon the following criteria:

- The first New Service Customer to cause the facility identified in the study which exceeds 100% loading of the applicable rating and develops the need for the Network Upgrade will in all cases have some cost allocation.
- Contingent to the individual New Service Request contributing MW impact being greater than 5 MW AND greater than 1% of the applicable line rating OR (if its Distribution Factor (DFAX) on the facility is greater than 5% AND its MW impact on the facility's rating is greater than 3%), the contribution of a New Service Customer is determined by the voltage level of the facility that it impacts:
- For a transmission facility whose rated voltage level is below 500 kV, a New Service Customer will have some cost allocation if its Distribution Factor (DFAX) on the facility is greater than 5% OR if its MW impact on the facility's rating is greater than 5%.
- For a transmission facility whose rated voltage level is 500 kV or above, a New Service Customer will have some cost allocation if its DFAX on the facility is greater than 10% OR if its MW impact on the facility's rating is greater than 5%.
- For New Service Requests involving studies for Long Term Firm Transmission Service seeking to import power to PJM, or which otherwise have their source of power outside PJM, the New Service Customer will have some cost allocation towards upgrades associated with all PJM facilities, if its Distribution Factor (DFAX) on the facility is greater than 3% OR if its MW impact on the facility's rating is greater than 3%.

- Allocation of costs to New Service Customers for a Network Upgrade which has a cost of less than \$5,000,000 will not occur outside of the New Services Queue in which the need for the Network Upgrade was identified
- Allocation of costs to New Service Customers for a Network Upgrade which has a cost of less than \$5,000,000 will be based on the total MW impact on the facility requiring a Network Upgrade as determined in the System Impact Study

Individual Local & Network Upgrades which cost \$5,000,000 or greater

All New Service Customers after and including the New Service Customer under study, that contribute to the need for the Network Upgrade are identified and their MW impact on the need for the Network Upgrade is determined. The MW impact will be based on the condition that causes the need for a Network Upgrade.

- The first New Service Customer to cause the need for the Network Upgrade will in all cases have some cost allocation. The cost allocation for this New Service Customer will only consider the loading above the facility's capability.
- Contingent to the contributing MW impact being greater than 5 MW AND greater than 1% of the applicable line rating, the contribution of a New Service Customer following the first New Service Customer to cause the need for the Network Upgrade is determined by the voltage level of the facility that it impacts:
- For a transmission facility whose rated voltage level is below 500 kV, a New Service Customer will have some cost allocation if its Distribution Factor (DFAX) on the facility is greater than 5% OR if its MW impact on the facility's rating is greater than 5%.
- For a transmission facility whose rated voltage level is 500 kV or above, a New Service Customer will have some cost allocation if its DFAX on the facility is greater than 10% OR if its MW impact on the facility's rating is greater than 5%.
- For New Service Requests involving studies for Long Term Firm Transmission Service seeking to import power to PJM, or which otherwise have their source of power outside PJM, the New Service Customer will have some cost allocation towards upgrades associated with all PJM facilities, if its Distribution Factor (DFAX) on the facility is greater than 3% OR if its MW impact on the facility's rating is greater than 3%.
- New Service Customers will be assigned costs in proportion to their contributing MW impacts.

For Network Upgrades with an "as-built" cost of \$5.0 million or greater, a New Service Customer will be responsible for allocated costs, within previously stated cost allocation guidelines, if their New Service Queue Close Date occurs less than 5 years following the execution of the first Interconnection Service Agreement or Upgrade Construction Service Agreement which identifies the need for this Network Upgrade.

No depreciation of the "as-built" Network Upgrade cost will be used when allocating costs between New Service Customers.

Cost allocation for the engineering design of Network Upgrades will terminate based on the completion of the applicable Facilities Study.

A complete list of Distribution Factors for all PJM modeled substations will be developed during System Impact Studies for each identified Network Upgrade. This Distribution Factor list will be used for all cost allocation pertaining to the identified Network Upgrade.