

Issue Charge - Designated Entity Agreement Review

Issue Source

Concerned Consumers including the Delaware Division of the Public Advocate.

Issue Content

This effort will initiate a comprehensive stakeholder review ensure the appropriate use of Designated Entity Agreements to eliminate practices that have the potential to undermine competitive, cost-effective transmission projects and contain important consumer protections and project milestones. ~~This effort will also focus on transparency of the projects, and a competitiveness process (where appropriate) that is fair to all participants~~

~~Currently, certain ambiguities exist in the Amendment and Restated Operating Agreement of PJM Interconnection, L.L.C. Operating Agreement language at Schedule 6, section 1.5.8 regarding PJM's use of its pro forma Designated Entity Agreement (DEA). At a minimum, clarifying changes are required to address the apparent ambiguity.~~

Key Work Activities and Scope

1. Provide further education sessions on the status quo policies and expectations for DEAs, ~~and the ambiguities that might exist.~~

2. Provide a comparison of the application of any ambiguities in the rules for existing and planned resources.

3. Education on the similarities and the differences between the pro forma DEA, relevant CTOA provisions, and Construction Responsibility Letters.

~~43. Provide further education on the relevant FERC filings Proceedings-Orders. —include the Order 1000 compliance filing, July 13, 2018 Order Accepting Tariff Revisions in Part and Rejecting Tariff Revisions in Part (Docket No. ER18-1647-000), and the 2021 compliance filing material. For example, the July 13, 2018 FERC order found the DEAs to include more stringent:~~

- ~~———— Security requirements (paragraphs 36-42 of the 2018 Order)~~
- ~~———— Milestones/Development Schedule (paragraphs 43-49) —including the reporting of quarterly progress (paragraph 47)~~
- ~~———— Assignment (paragraphs 50—55)~~

54. Provide education on the relevant past stakeholder discussions where the current DEA policy was developed and any information regarding those materials. (E.g. Why was three percent established as the appropriate amount for the letter of credit?)

6. A cost benefit analysis of the different scenarios and the consequences.

Expected Deliverables

1. Educational materials
2. Details regarding existing resources that will be impacted and how they could be impacted
3. ~~A cost benefit analysis of the different scenarios and the consequences~~
34. If needed. Proposed revisions to PJM business manuals
45. If needed, proposed revisions to governing documents and FERC filing.

Decision-Making Method

Tier 1, consensus on a single proposal

Stakeholder Group Assignment

~~Planning Committee Special sessions~~ Sr. Task Force Meetings

Expected Duration of Work Timeline

~~43~~ months

- Priority Level – High
- Timing – Immediate
- Meeting Frequency – Bi-weekly

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