



PJM PIEOUG

Transmission Cost Update

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The PJM Wholesale Cost to Customers



*The data is based on the PJM Markets Report, presented during PJM MC Information webinars. (Approximately 10 times a year.). The information was compiled using the “PJM Wholesale Cost” Bar chart slide. The data is annual data except for 2023, which is year-to-date information – Through August.

PJM Transmission Costs – Going Up

PJM transmission cost increases

Transmission cost increase - 10 years:

2013 - 2023 = 182%

Transmission cost increase - 5 years:

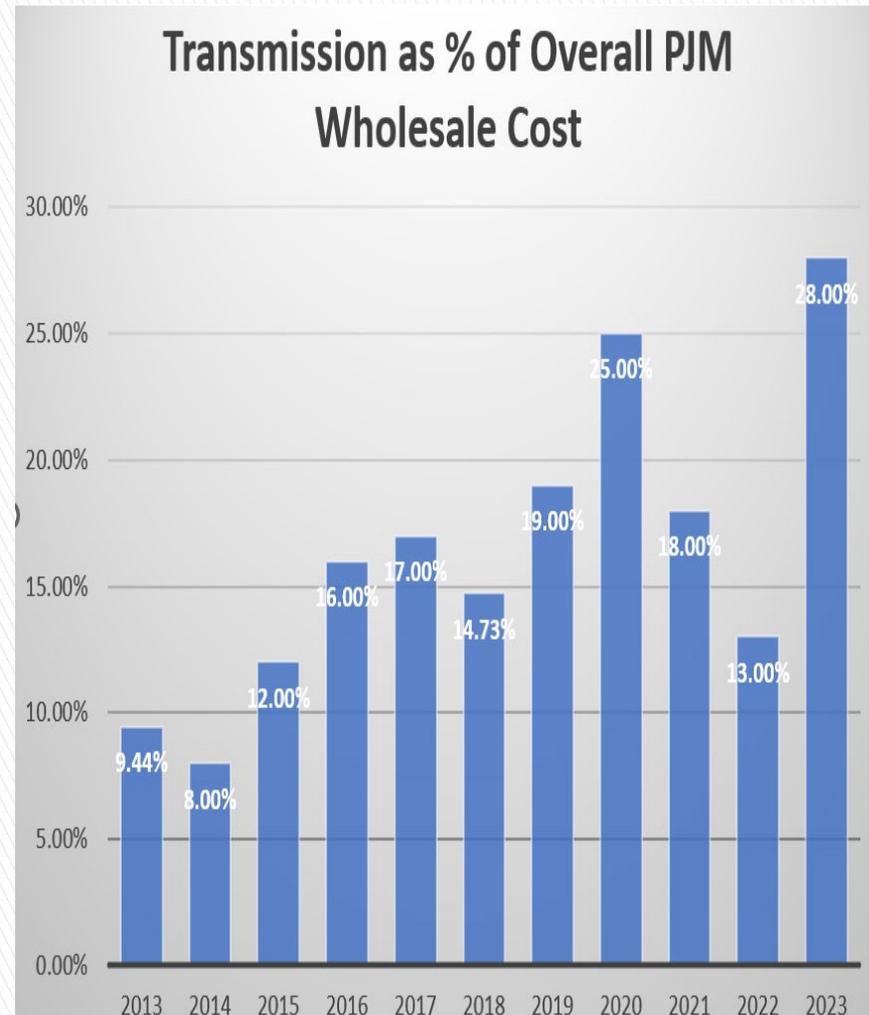
2018 - 2023 = 59%

Transmission cost increase - 3 years:

2020 - 2023 = 28%

Transmission cost increase - 1 year:

2022 - 2023 = 13%



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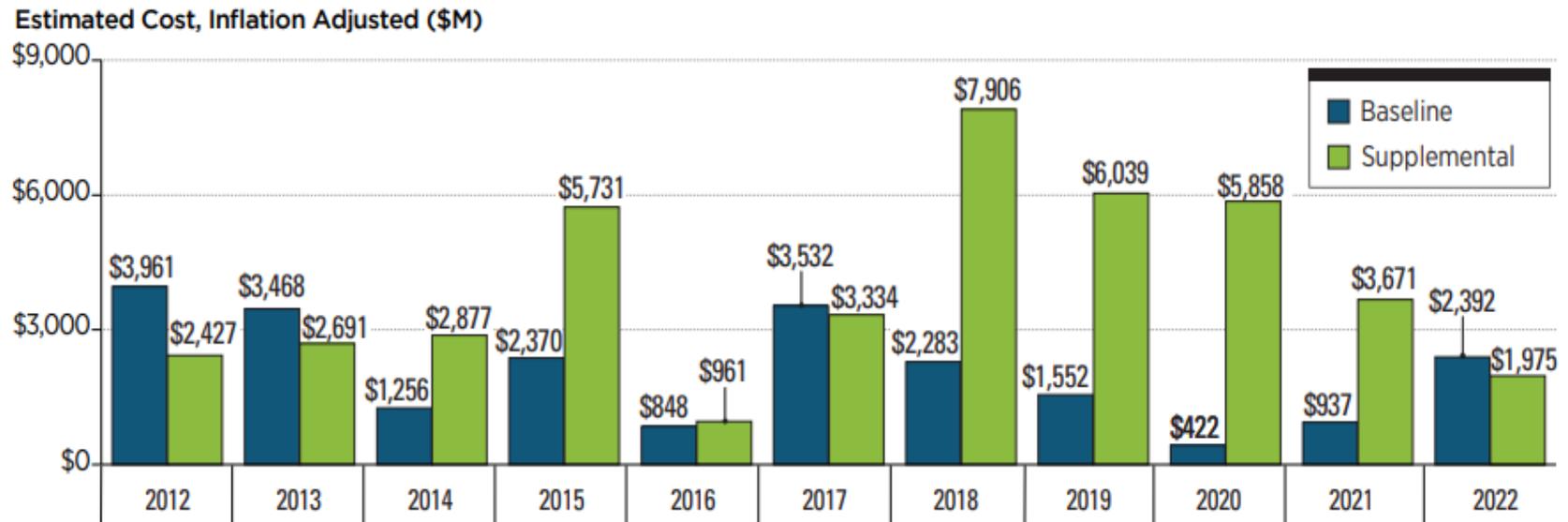
PJM Transmission Costs Breakdown

#1 Almost \$8 billion was spent on PJM “baseline projects” by transmission owners from 2018 – 2022.

#2 Over \$25 billion was spent by transmission owners during that same period on supplemental projects. It is our estimate that over 50% of supplemental projects do not receive regulatory review during the planning process (e.g. planning costs) by PJM, state or federal regulators. *PJM does ensure these projects do not harm the PJM system.

#3. PJM is only actively planning approximately one-third of the regional transmission grid.

Figure 5.2: Baseline and Supplemental Projects by Year



*PJM 2022 Regional Transmission Expansion Plan (RTEP) Report, March 14, 2023.

Transmission Costs are driving cost increases

- ▶ Overall, wholesale costs in the region have been flat for the last decade! However, transmission costs are soaring.
 - Transmission costs are the only major cost component that is not primarily developed through a competitive market construct.
 - Since 2020, transmission costs have been higher than capacity costs.
- ▶ Over the last five years, two-thirds of the transmission spend has been on supplemental projects. (Most of those projects receive no planning review.) **Thus, PJM has no planning role in approximately two thirds of the transmission planning in the region.**
- ▶ The discussion today will include details on significant additional aspects of the PJM transmission spend that consumers are struggling to understand how they fit into the planning of the regional grid.

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