

108 FERC ¶ 61,213
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 30, 2004

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER03-404-004

PJM Interconnection, L.L.C.
Wright & Talisman, P.C.
1200 G Street, N.W.
Suite 600
Washington, DC 20005-3802

Attention: Barry S. Spector

Reference: Amendment of PJM Open Access Transmission Tariff to revise the definition for when a facility or interconnection planned by an independent transmission company (ITC) has a "material adverse effect" on non-ITC portions of the PJM region.

Dear Mr. Spector:

1. On April 29, 2004, in compliance with the Commission's March 30, 2004 Order in this proceeding,¹ you filed on behalf of PJM Interconnection, L.L.C. (PJM) a change to Attachment U to the PJM Open Access Transmission Tariff (PJM Tariff) to revise the definition for when a facility or interconnection planned by an independent transmission company (ITC) has a "material adverse effect" on non-ITC portions of the PJM region. Consistent with the effective date for Attachment U previously established in this proceeding, PJM requested an effective date of March 20, 2003 for this tariff revision.

2. PJM initially filed Attachment U to the PJM tariff on January 10, 2003, to set forth the standard terms and conditions under which ITCs may operate within the PJM region. Attachment U contains the standard terms and conditions and the standard division of rights, responsibilities and functions between PJM and any ITC. In response to a

¹ PJM Interconnection, LLC, 106 FERC ¶ 61,324 (2004) (March 30 Order).

Commission directive, PJM submitted a revised section 10.2 of Attachment U which provided that PJM is responsible for ensuring that proposed interconnections to the ITC Transmission Facilities "will not materially adversely affect the [PJM] Transmission System other than the ITC Transmission Facilities." PJM also added a new section 10.4 to define when components of an ITC's expansion plan, or proposed generation interconnections in the ITC footprint, would "materially adversely affect" the rest of PJM.

3. In an order issued on March 30, 2004, the Commission found that PJM's proposal did not "strike a reasonable balance between providing ITCs with the flexibility to plan and expand their transmission systems and enabling PJM to maintain system reliability," and directed PJM to revise its tariff to limit its definition of those ITC planning activities that must be approved by PJM before incorporation into PJM's Regional Transmission Expansion Plan to those activities that "materially adversely affect" the remainder of PJM's system.²

4. PJM has now revised section 10.4 to state that a material adverse effect on PJM's system shall not be present if both of the following statements are true:

a. The proposed facility or requested service does not result in any non-ITC facilities in the PJM region exceeding thermal, voltage, or stability limits, consistent with all applicable reliability criteria; and

b. The proposed facility or requested service does not result in any circuit breaker on non-ITC facilities in the PJM region exceeding its interrupting capability.

5. PJM states that the presence of either condition indicates the need for transmission system upgrades. Thus, PJM states, the presence of either condition indicates a material adverse effect on non-ITC portions of the PJM Region.

6. Notice of the filing was published in the *Federal Register*, 69 Fed. Reg. 26,586 (May 5, 2004), with comments, protests, or interventions due on or before May 20, 2004. No comments, protests or interventions were filed.

7. The Commission accepts PJM's proposal to become effective March 20, 2003, as requested. The filing is in compliance with the Commission's March 30, 2004, directive

² March 30 Order at P 30-31.

and reasonably balances PJM's need to ensure system reliability with the need for ITCs to be able to operate independently of PJM to create value for their customers.

By direction of the Commission.

Magalie R. Salas,
Secretary.