



GOVERNOR JOSH SHAPIRO

November 20, 2024

Mark Takahashi, Chair, PJM Board of Managers
Manu Asthana, PJM President and CEO
PJM Interconnection LLC
2750 Monroe Boulevard
Audubon, PA 19403

Dear Mr. Takahashi and Mr. Asthana:

As demand for reliable electricity continues to increase, the need for new power generation facilities across the PJM region has become increasingly clear. Pennsylvania has long served as the generating backbone of our shared grid and today we are working to add reliable power sources that will continue that tradition long into the future.

The continued delays in PJM's interconnection queue represent a serious obstacle to adding more generation in the near future. Given my longstanding concerns—expressed repeatedly in prior letters—about the impact of these delays, I was encouraged by your October 18th Reliability Resource Initiative (RRI) proposal to fast track shovel-ready projects that are able to increase our energy supply quickly. Pennsylvania strongly supports the impetus behind this idea. However, as described, your proposal may not achieve our shared goal of quickly contributing more electrons to the grid. So, I write with a recommendation that would produce a more ready-to-implement approach—one that our Commonwealth can fully embrace.

In order for the draft proposal to meet its goal of selecting shovel-ready projects, RRI's consideration of project viability must account for state permitting and site readiness. These are variables particular to each of PJM's member states and each state is the subject matter expert in what projects can, and cannot, be easily permitted and sited under its own laws and regulations. As drafted, the proposal relies solely on PJM to determine the 20 points for "project viability," an undertaking outside of your core mission.

Just as the states defer to PJM on matters within its areas of expertise, RRI would be vastly strengthened by relying on the collective knowledge of the member states in assessing the viability of permitting and site readiness. That state-specific judgment about constructability is missing from this proposal and excluding states from those determinations threatens to undercut the effectiveness of an otherwise welcome opportunity to add much-needed resources to the grid.

Mr. Mark Takahashi
Mr. Manu Asthana
November 20, 2024
Page Two

We propose that RRI rely upon willing member states to submit scoring for “project viability” depending on which projects can be realistically permitted and sited within the necessary timeframes for interconnection. While PJM can offer, as an alternative of last resort, to guess at readiness based on proxies for constructability, it would be unreasonable for PJM to substitute its own judgment, or that of an applicant, for the experience of the states in assessing when projects will receive needed permits and other necessary requirements.

The Commonwealth pledges to be an active partner in facilitating the permitting and siting of projects approved under such an RRI concept, ensuring they get built. Pennsylvania stands ready to expand its accelerated 102/105 construction permit pilot program to allow expedited permitting review for all projects that are approved under an RRI initiative as described above. Further, earlier this week I signed a first-in-the-nation executive order creating the PA Permit Fast Track Program, which would be available to facilitate eligible RRI projects under this framework.

I also urge you to rapidly advance two other reforms through your stakeholder process that will help us add needed capacity in the near term here in Pennsylvania. First, simplifying the transfer of interconnection rights held by retiring resources, and second, lifting the restrictions around surplus interconnection service process. As many have recognized, PJM’s current study approach for surplus interconnection is hindering the rapid deployment of new capacity at existing generation sites. In this regard, PJM is markedly out of step with the more build-focused approach taken by neighboring RTOs. Reforms that make surplus interconnection easier in our region would be a commonsense accompaniment to the RRI proposal. Pennsylvania stands ready to collaborate with PJM on these and other steps to bring additional capacity onto the grid.

Sincerely,



Governor Josh Shapiro