



2750 Monroe Blvd
Audubon, PA 19403-2497

Steven Herling
Vice President, Planning

October 9, 2014

Mr. Jeff Tittel
Director
New Jersey Sierra Club
145 West Hanover St.
Trenton, NJ 08618

Dear Mr. Tittel:

Recent media statements attributed to you about reliability and cost impacts associated with the B.L. England generating units remaining in service are based on a misunderstanding of PJM Interconnection's planning process.

Consistent with requirements in our transmission tariff and Federal Energy Regulatory Commission regulations, PJM must consider the reliability impacts arising from generation additions and retirements. In PJM's presentation of the slides you referenced, the violations we cited would occur *only* if B.L. England should continue to operate while at the same time new generation would be built at the same location. It may be unlikely that this "doubling" of generation would occur, but PJM is nevertheless required to consider and plan for it. You will note that we pointed out that PJM would not act on the identified violations or request proposed solutions until the circumstances surrounding the units at B.L. England were resolved.

Simply put, the continued operation of existing generating units at the B.L. England site, absent the addition of significant amounts of new generation, is not projected to result in reliability problems. As the potential for further retirement of B.L. England units becomes clearer, PJM will perform further evaluations to assess the impacts, as we discussed with the Transmission Expansion Advisory Committee.

Finally, we are unable to determine how the "hundreds of millions of dollars" in transmission upgrades attributed to you were calculated. While PJM has identified the need for \$143 million in transmission upgrades if the B.L. England generation does in fact retire, these upgrades would not be applicable should the plant continue to operate.

Our transmission planning process is very complex, dynamic and – as a consequence – can be misunderstood. I would have been happy to explain the process and underlying facts to help you avoid confusion and would be willing to clarify PJM's study results at any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Herling', written in a cursive style.

Steven R. Herling

Cc: Willard R. Burns