

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PJM INTERCONNECTION, L.L.C

)

Docket No. ER22-2029-000

**COMMENTS
OF THE PJM POWER PROVIDERS GROUP**

Pursuant to the June 6, 2022 Notice issued by the Federal Energy Regulatory Commission (the “Commission” or “FERC”) in the above-captioned proceeding, The PJM Power Providers Group¹ (“P3”) submits these comments in response to the June 3, 2022, filing by PJM Interconnection, L.L.C. (“PJM”). The PJM filing concerns certain proposed revisions to the PJM Open Access Transmission Tariff (“Tariff”) to revise the calculation of the Financial Transmission Right (“FTR”) Credit Requirement, which sets the collateral that FTR Participants are required to provide in order to participate in PJM’s FTR market (“Revised FTR Credit Requirement”) (“PJM Filing”).²

¹ P3 is a non-profit organization dedicated to advancing federal, state and regional policies that promote properly designed and well-functioning electricity markets in the PJM Interconnection, L.L.C. (“PJM”) region. Combined, P3 members own over 67,000 MWs of generation assets and produce enough power to supply over 50 million homes in the PJM region covering 13 states and the District of Columbia. For more information on P3, visit www.p3powergroup.com.

² PJM Interconnection, L.L.C., Docket No. ER22-2029-000 (June 3, 2022) (“PJM Filing”).

On June 14, 2022, P3 filed a doc-less Motion to Intervene. P3 respectfully submits these comments,³ in the above captioned proceeding.

I. COMMENTS

P3 supports the PJM Filing. As PJM noted, the proposed revisions allow for the Revised FTR Credit Requirement to more accurately reflect in collateral requirements the risk that a FTR portfolio could suffer market losses, and therefore will better protect PJM members including P3 members from potential losses resulting from default.⁴ As PJM explains, PJM's proposed methodology utilizes the value-at-risk ("VaR") approach using observed price movements in a historical simulation ("HSIM") model to estimate PJM's exposure, on a per-portfolio basis, from a particular FTR Participant and its FTR market activity.⁵ The proposed revisions are the same as those PJM presented in its December 2021 filing, which the Commission found not enough support for and issued an order rejecting the prior filing finding that PJM's existing FTR Credit Requirement may be unjust and unreasonable. FERC opened a show-cause proceeding but allowed PJM to submit a new section 205 filing proposing changes to the FTR Credit Requirement which resulted in this PJM Filing. PJM in this filing provides additional analysis and addresses the Commission's concerns raised in its earlier order. P3 agrees with PJM that the additional information provided by PJM provides more than sufficient support that this proposal is a just and reasonable alternative to the status quo.

P3 agrees that the proposed Revised FTR Credit Requirement will enable PJM to maintain collateral that is reasonably calibrated to protect PJM and members against the risks of FTR portfolio losses. The Revised FTR Credit Requirement employs the HSIM model with a

³ The comments contained herein represent the position of P3 as an organization, but not necessarily the views of any particular member with respect to any issue.

⁴ PJM Filing at p. 1.

⁵ PJM Filing at p. 2.

97% confidence interval. While some have argued that a 99% interval is preferable, P3 believes that the 97% confidence interval is appropriate. PJM provides a cost/benefit and related analyses showing that the objective of protecting PJM and its members against the risk of FTR portfolio losses can be substantially achieved at a 97% confidence interval at significantly less cost to PJM members, and that the incremental costs of moving from a 97% to 99% confidence interval outweigh the incremental benefits of doing so.

The proposed revisions in this filing were reviewed in various PJM stakeholder meetings in which P3 members participated. These meetings took place following FERC's order and PJM solicited stakeholder feedback on the best approach to address the concerns raised by the FERC order. Two committee meetings were held in March 2022. During the March 23, 2022, PJM Members Committee meeting, stakeholders in an advisory vote preferred by a supermajority refiling the Revised FTR Credit Requirement with a 97% confidence interval as proposed in the December 2021 Filing accompanied by additional support.⁶ PJM then held several additional stakeholder meetings in April and May 2022 updating the stakeholders on the proposal and the additional support to be provided in this filing.⁷

P3 members participated in the various PJM stakeholder meetings in which this proposal was strongly supported by an overwhelming majority of PJM members. As PJM correctly points out this proposal was supported by members that include those who must bear the costs of any payment defaults resulting from FTR portfolio losses.

⁶ PJM Filing at p. 11.

⁷ PJM Filing at p. 12.

II. CONCLUSION

For the foregoing reasons, P3 agrees with the proposed revisions set forth by PJM in its June 3, 2022 filing, as they are consistent and in compliance with the Commission's order. P3 urges the Commission to accept the PJM filing as submitted with an effective date of August 3, 2022.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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Dated: June 24, 2022

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the Official Service List compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 24th day of June, 2022.

On behalf of the PJM Power Providers Group

By: Diane Slifer

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