

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

PJM INTERCONNECTION, L.L.C) **Docket No. ER20-1451-000**

**COMMENTS
OF THE PJM POWER PROVIDERS GROUP**

On March 31, 2020, PJM Interconnection, L.L.C. (“PJM”), pursuant to section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d, submitted revisions to the Reliability Assurance Agreement among Load Serving Entities in the PJM Region (“RAA”) and the PJM Open Access Transmission Tariff (“Tariff”) and the Amended and Restated Operating Agreement (“Operating Agreement”) to enhance PJM’s rules for evaluating and managing credit risk posed by entities seeking to participate or participating in the PJM Markets under the Tariff or Operating Agreement (“PJM Filing”).¹

On March 31, 2020, the Federal Energy Regulatory Commission (the “Commission” or “FERC”) issued a Combined Notice of Filings #3 setting April 21, 2020, as the deadline to intervene or protest the filing. On April 13, 2020, pursuant to Rule 214 of the Rules of Practice and Procedure of the Commission, 18 C.F.R. § 385.214 (2020), the PJM Power Providers Group

¹ *PJM Interconnection, L.L.C.*, Docket No. ER20-1451-000, March 31, 2020 (“PJM Filing”).

(“P3”)² submitted a doc-less motion to intervene. P3 respectfully submits these comments³ in support of the PJM Filing.

I. COMMENTS

P3 generally supports PJM’s filing. As PJM states the changes will update and enhance PJM’s procedures for monitoring and mitigating credit risk in the PJM Markets for the purpose of reducing and better managing the risk of financial defaults, which are ultimately borne by PJM Members.⁴ These changes are a result of a review of PJM’s credit rules after the GreenHat Energy L.L.C. default. As PJM notes, it engaged outside consultants and instituted a PJM stakeholder subcommittee called the Financial Risk Mitigation Senior Task Force (“FRMSTF”). P3 members were engaged in the FRMSTF meetings over the past year, as well as in the Markets and Reliability Committee and Members Committee meetings.

PJM notes that PJM’s current credit procedures have proven insufficient and lack the authority for PJM to request the depth of information, and the ongoing and current information required to understand an entity’s risk level.⁵ PJM is proposing to maintain the general minimum participation criteria, while strengthening the provisions implementing them.⁶ Specifically, PJM proposes new rules in order to: “assess an entity’s financial strength, risk profile, and

²P3 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, 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.

³ The comments contained in this filing 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. 21.

⁶ PJM Filing at pp. 21-22.

creditworthiness; establish an Unsecured Credit Allowance, if appropriate; determine the level of Collateral appropriate to the entity based on its anticipated market activity and credit risk profile; and evaluate the credit support provided.”⁷

While P3 generally supports the PJM Filing, P3 members may have some concerns over certain items related to the proposed credit rules as the rules are rolled out. Various PJM stakeholders raised concerns during the PJM stakeholder meetings. Some of the concerns were addressed by PJM prior to this Filing, and there may be other concerns yet to be realized. As PJM notes in its filing, “FRMSTF efforts and other PJM internal and stakeholder activities to evaluate and implement the recommendations of the Consultants Report remain ongoing and are expected to continue through at least 2020.”⁸ PJM further notes that the Tariff and Operating Agreement revisions submitted in the filing are therefore potentially only one of several rounds of revisions aimed at helping the PJM Markets remain stable and robust into the future.⁹ P3 members look forward to participating in the ongoing PJM stakeholder meetings to address any concerns.

II. CONCLUSION

For the foregoing reasons, P3 agrees with PJM that credit rules should be revised. The proposal put forth by PJM, following a lengthy almost one-year stakeholder process and addressing credit rule concerns, should be approved. P3 respectfully requests that the Commission accept PJM’s Filing with an effective date of June 1, 2020, so that the new rules

⁷ PJM Filing at p. 22.

⁸ PJM Filing at p. 8, n. 18.

⁹ *Id.*

will be in place for the upcoming long-term Financial Transmission Rights auction scheduled to begin on June 2, 2020.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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Dated: April 21, 2020

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 21st day of April, 2020.

On behalf of the PJM Power Providers Group

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