

L.L.C. (“Operating Agreement”) regarding which resources are physically eligible to be Fast-Start Resources, remove proposed revisions that the Commission determined to be outside the scope of the compliance directives, as well as provide revisions to its proposed offer verification and adjustment rules to be consistent with FERC Order No. 831.⁵

P3 also strongly supports PJM’s proposed effective date of its modified Tariff and Operating Agreement of May 1, 2021, or the first day of the first month following a Commission order accepting the proposed revisions, with a requested Commission order no later than April 16, 2021. Given that PJM, its stakeholders and the Commission have been working on fast-start pricing revisions for the better part of five years, P3 submits that with these final clarifications and modifications, the time is now right to implement these long-overdue market enhancements to ensure just and reasonable rules and practices for Fast-Start Resources.

I. COMMENTS

P3 has been an active and interested party to the Commission’s proceedings regarding fast-start pricing issues over past five years, and has consistently cited energy price formation (including the pricing of fast start resources) as an area where market reforms are long overdue.⁶ PJM’s Second Compliance Filing is a straight-forward and

⁵ Offer Caps in Markets Operated by Regional Transmission Organizations and Independent System Operators, Order No. 831, 157 FERC ¶ 61,115 (2016), order on reh’g & classification, Order No. 831-A, 161 FERC ¶ 61,156 (2017).

⁶ P3 incorporates by reference its comments; reply brief; and answer, filed on February 12, 2018; March 14, 2018; and April 30, 2018, respectively, as well as comments it previously made to fast-start pricing in Docket Nos AD14-14-000 and RM17-3-000. P3 also joined the Electric Power Supply Association in filing comments related to Fast-Start pricing on July 15, 2019, in Docket No. EL18-34-000, as well as in this docket on September 20, 2019 and October 18, 2019.

thoughtful approach to adequately address the Commission's concerns in its December 17 Order.

Regarding clarification for which resources are physically eligible to be Fast-Start Resources, PJM responds by establishing a new Schedule 1, section 2.2A within its Operating Agreement to clearly and distinctly provide for a default rule for eligibility for Fast-Start Resources (section 2.2A(a)); the process to become an eligible Fast-Start Resource, if not covered under the default rule (section 2.2A(b)); the process in which a resource may lose eligibility (section 2.2A(c)); and the previously-accepted conditions under which Fast-Start Resources are considered Eligible Fast-Start Resources and thus eligible to set price (section 2.2A(d)). P3 agrees with PJM that these new provisions provide greater clarity to market participants and will aid in a more seamless implementation of Fast-Start eligibility issues moving forward. P3 also appreciates that while the rules for when a Fast-Start Resource qualifies as an Eligible Fast-Start Resource are unchanged, those rules will now be moved from former Schedule 1, section 2.2, to the newly proposed Schedule 1, section 2.2A(d). This ensures that all of the rules for Fast-Start Resource eligibility are properly consolidated into a single section within PJM's Operating Agreement.

P3 also submits that PJM has sufficiently updated its offer verification and adjustment rules to cap Fast-Start Resources' Composite Energy Offers at the higher of \$1,000/MWh or the Fast-Start Resource's Verified Composite Energy Offer. P3 especially appreciates that PJM is proposing to no longer completely exclude Start-Up Cost or No-load Cost if the submitted value exceeds the reasonability tests set forth in Operating Agreement, Schedule 1, section 6.4.3A. Rather, PJM will adjust the submitted Start-Up

Cost or No-load Cost, if the submitted costs fail a reasonability test, such that the Composite Energy Offer does not fall below \$1,000/MWh.⁷ While this will be a significant change in the manner in which PJM reviews and proposes to adjust such offers, P3 respects that PJM has outlined several different scenarios for potential adjustments that appropriately capture PJM’s intent to construct Composite Offers consistent with the new fast-start pricing rules, yet assure those offers comply with Order 831’s requirement that offers over \$1,000 must be cost-verified and PJM must cap offers at the higher of a resource’s verified costs or \$1,000.

Finally, P3 fully supports PJM’s removal of those revisions that the Commission found to be beyond the scope of its Fast-Start Compliance Directive in its December 17, 2020 Order.⁸

P3 submits that the changes and modifications expressed in PJM’s Second Compliance Filing have now finally and fully comported with the Commission’s fast-start directives. The Commission’s determination that PJM’s fast-start pricing practices were “unjust and unreasonable” due to the fact that they “do not allow prices to reflect the marginal cost of serving load” was made nearly four years ago.⁹ With the modifications proposed and accepted in PJM’s initial compliance filing, as well as those remaining items covered in its Second Compliance Filing, P3 agrees that the Commission’s prior concerns in this regard have been appropriately addressed. For all of these reasons, P3 urges the

⁷ PJM Second Compliance Filing, p. 9.

⁸ *Id.*, pp. 21-23.

⁹ *PJM Interconnection, L.L.C.*, 161 FERC ¶ 61,295 (2017) (“December 2017 Order”), P 30.

Commission to expeditiously approve PJM's Second Compliance Filing so that these revisions can be implemented by May 1, 2021.

II. CONCLUSION

P3 respectfully requests that the Commission consider these comments with regard to PJM's Second Compliance Filing, and find that the proposed Tariff and Operating Agreement modifications and revisions be accepted and implemented by May 1, 2021, or the first day of the first month following a Commission order accepting the proposed revisions.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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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 9th day of March, 2021.

On behalf of the PJM Power Providers Group

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