UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM INTERCONNECTION, L.L.C	)	**Docket No. ER20-271-000**

COMMENTS
OF THE PJM POWER PROVIDERS GROUP

On October 31, 2019, 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") to propose changes to the Price Responsive Demand ("PRD") rules within the Capacity Performance construct ("PJM Filing").[1]

On November 1, 2019, the Federal Energy Regulatory Commission (the "Commission" or "FERC") issued a Combined Notice of Filings #1 setting November 21, 2019, as the deadline to intervene or protest the filing. On November 8, 2019, pursuant to Rule 214 of the Rules of Practice and Procedure of the Commission, 18 C.F.R. § 385.214 (2019), the PJM Power

[1] *PJM Interconnection, L.L.C.,* Docket No. ER20-271-000, October 31, 2019 ("PJM Filing").

Providers Group ("P3")[2] submitted a doc-less motion to intervene. P3 respectfully submits these comments[3] in support of the PJM Filing.

I. COMMENTS

P3 supports PJM's filing[4] as it aligns the existing PRD rules with the Capacity Performance construct – a reform that is long overdue. As PJM noted, the existing PRD rules have remained largely unchanged since PRD was first implemented in 2012 despite significant changes to PJM's capacity construct.[5] As PJM states, "[w]hile other PJM rules, including those for Demand Resources, have been amended to align with the Capacity Performance construct, PRD rules have not yet been updated."[6]

Specifically, PJM proposes to "(1) amend the trigger for when Non-Performance Charges would be assessed, (2) update the PRD Non-Performance Charge and methodology and make PRD eligible to receive bonus performance payments, (3) apply the existing Capacity Performance credit requirements to PRD, and (4) where possible, align the PRD nomination and associated load reduction measurement with that of Demand Resources."[7] Also, the PJM Filing

---

[2] 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 75,000 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] P3 also filed Comments in ER19-1012-000 on February 28, 2019 in support of PJM's filing revising the PRD rules.

[5] PJM Filing at p. 4.

[6] *Id.*

[7] PJM Filing at p. 2.

addresses the Commission's concerns in the June 27 Order and maintains the existing Nominal PRD Value calculation based upon a LSE's capacity obligation derived from the LSE's annual coincident peak demand.[8] P3 supports the changes proposed by PJM. The existing PRD rules do not conform to the Capacity Performance requirements despite PRD participating in PJM's Reliability Pricing Model ("RPM"), whereas other participants receiving a capacity credit (payment) must meet Capacity Performance requirements.[9]

The non-compliance charge provisions proposed by PJM are just and reasonable. As PJM states, in order to align PRD's non-compliance charge with the Capacity Performance Non-Performance Charge structure that is applicable to all other capacity resources, PJM proposes to amend the trigger for Non-Performance Charges from when PJM declares a Maximum Generation Emergency to when an Emergency Action is declared.[10] With the proposed revisions PRD will therefore be aligned with other Capacity Performance resources that are already subject to Non-Performance Charges for any MW shortfall when PJM declares an Emergency Action.[11] PJM also proposes to specify in the Tariff that there is "no performance shortfall when the PRD Curve associated with a registration has a price point above the real-time LMP recorded during a Performance Assessment Interval."[12] PJM notes that this rule ensures that PRD Providers are not subject to a Non-Performance Charge during a Performance Assessment Interval when LMPs are less than the pricing points specified in the relevant PRD Curve.[13]

---

[8] *Id.*

[9] PJM Filing at p. 4.

[10] PJM Filing at p. 6.

[11] PJM Filing at p. 7.

[12] PJM Filing at p. 9.

[13] *Id.*

PJM also proposes to amend the PRD non-compliance charge to equal the Non-Performance Charge applicable to all Capacity Performance resources as another means of aligning PRD with Capacity Performance rules.[14] In order to do this, PJM is proposing to specify that the existing calculation for the PRD non-compliance charge only applies prior to the 2022/2023 Delivery Year.[15] P3 supports these proposed changes.

In addition, P3 supports PJM revising the credit requirement for PRD to align the credit requirement with all Capacity Performance resources.[16] PJM notes that because PRD performance and penalty rules are being changed to align with those for Capacity Performance resources, the credit requirement for PRD resources should be similarly aligned.[17] Further, PJM proposes to better align the measurements for expected service levels and the level that PRD load will be reduced when triggered with those used for Demand Resources, and PJM is revising the Nominated PRD Value to be equal to the peak load contribution minus the Firm Service Level (FSL) times a loss factor.[18] P3 supports this change.

PJM also proposes a transition mechanism. As PJM explains that under the current rules, any PRD Provider that seeks to commit PRD for the 2022/2023 Delivery Year was required to submit its PRD Plan by March 17, 2019, and therefore the PRD Plans for the 2022/2023

---

[14] PJM Filing at p. 11.

[15] *Id.*

[16] PJM Filing at p. 12.

[17] *Id.*

[18] PJM Filing at p. 15.

Delivery Year have already been submitted.[19] P3 agrees with PJM that PRD Providers should be allowed to modify or withdraw any previously submitted PRD Plans for the 2022/2023 Delivery Year based on PJM's proposed changes in its Filing, and to do so no later than 30 days prior to the commencement of BRA for the 2022/2023 Delivery Year.[20] Although PJM's proposed transition mechanism make sense, the BRA for the 2022/2023 Delivery Year should not be delayed any further than it already has to accommodate PRD participants.

Lastly, P3 members participated in the almost two-year stakeholder process regarding these PRD revisions that resulted in PJM's February 7, 2019 Filing. At the December 7, 2017, Markets and Reliability Committee Meeting, members deferred a planned vote on the PRD reforms until after the Summer Only Demand Response Task Force concluded its work effort to investigate potential opportunities to value summer-only demand response resources through the load-forecasting process or other mechanisms that would serve as an alternative to supply-side participation in the capacity market. The Peak Shaving proposal that came out of the Summer Only Demand Response Senior Task Force was filed and accepted by the Commission in ER19-511. PJM Members wanted to ensure that existing summer only load reduction programs would have an established mechanism for participation given the upcoming changes to align the PRD product with capacity performance. As a result, the Commission should view both ER19-511 and this filing as complementary and accept PJM's PRD revisions in this filing.

Like the peaking shaving proposal (ER19-511), the PJM PRD proposal is a product of a stakeholder compromise. P3 members differ on positions of the specific aspects of the PJM

[19] PJM Filing at p. 19.

[20] *Id.*

proposal. However, P3 is supportive of the PJM Filing as a package of reforms aimed at updating the PRD rules and aligning them with the Capacity Performance construct.[21]

II. CONCLUSION

For the foregoing reasons, P3 agrees with PJM that PRD rules should be revised to be aligned with the Capacity Performance construct. The proposal put forth by PJM, following a lengthy almost two-year stakeholder process, and addressing FERC's sole concern in its June 27, 2019 Order, should be approved. P3 respectfully requests that the Commission accept PJM's Filing with an effective date of December 30, 2019.

Respectfully submitted,

On behalf of the PJM Power Providers Group

By: *Glen Thomas*

Glen Thomas
Diane Slifer
GT Power Group
101 Lindenwood Drive, Suite 225
Malvern, PA 19355
gthomas@gtpowergroup.com
610-768-8080

Dated: November 21, 2019

[21]The PRD revisions were endorsed by a super-majority of PJM stakeholders on December 6, 2018 at the Members Reliability Committee by a sector-weighted vote of 3.72 out of 5. Also, at the Members Committee, held on December 6, 2018, the proposal was endorsed by acclamation with 15 objections and one abstention. After the Commission rejected PJM's February 2019 PRD Filing in the June 27 Order, PJM notified members at the September 26, 2019 MRC meeting that the remaining components of the PRD package would be refiled as previously endorsed and the PJM Board of Managers were similarly informed at its September 30, 2019 meeting. PJM Filing at pp. 20-21.

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 November, 2019.

On behalf of the PJM Power Providers Group

By: *Glen Thomas*

Glen Thomas
GT Power Group
101 Lindenwood Drive, Suite 225
Malvern, PA 19355
gthomas@gtpowergroup.com
610-768-8080