

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

PJM Interconnection, L.L.C.

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Docket No. EL18-34-000

**COMMENTS
OF THE PJM POWER PROVIDERS GROUP**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”),¹ the PJM Power Providers Group (“P3”),² respectfully files these comments in response to the December 21, 2017 Order of the Commission instituting a Section 206 proceeding and commencing paper hearing procedures and establishing a refund effective date (“Fast Start Order”).³ As a general matter, P3 agrees with the Commission finding that some of PJM’s practices related to the pricing of fast-start resources are unjust and unreasonable⁴ and urges the Commission to require PJM to take action to expeditiously rectify the fast-start pricing problem so as to ensure just and reasonable rates.

The Fast Start Order preliminarily finds that PJM Interconnection, L.L.C.’s (“PJM”) practices regarding the pricing of fast-start resources are unjust and unreasonable because the practices do not allow prices to reflect the marginal cost of

¹ 18 C.F.R. § 385.212 (2017).

² P3 is a non-profit organization dedicated to advancing federal, state and regional policies that promote properly signed and well-functioning electricity markets in the PJM Interconnection, L.L.C. (“PJM”) region. Combined, P3 members own over 84,000 MWs of generation assets, produce enough power to supply over 20 million homes and employ over 40,000 people in the PJM region covering 13 states and the District of Columbia. For more information on P3, visit www.p3powergroup.com. 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.

³ PJM Interconnection, Inc, 161 FERC ¶ 61,295, Docket EL18-34, December 21, 2017 (“Fast Start Order”).

⁴ Fast Start Order at P 9.

serving load. The Commission instituted an investigation in this docket to examine PJM's Open Access Transmission Tariff ("Tariff") and practices to determine whether PJM should be required to revise its Tariff in six specific ways. With the Fast Start Order, the Commission withdrew its December 15, 2016, notice of proposed rulemaking that preliminarily found that some existing regional transmission organizations and independent system operators ("RTO/ISO") fast-start pricing practices, or lack of fast-start pricing practices, may not result in rates that are just and reasonable ("Fast Start NOPR").⁵

On December 21, 2017, FERC issued a Notice of Institution of Section 206 Proceeding and Refund Effective Date setting the intervention within 21 days of the issuance of the Fast Start Order, and the Fast Start Order set the date that PJM and other interested parties may file initial briefs no later than 45 days after the publication of notice in the *Federal Register* of the Commission's initiation of the section 206 proceeding. On January 3, 2018, P3 filed a doc-less Motion to Intervene.

I. COMMENTS

P3 appreciates the Commission moving forward on reforms to fast start pricing and trusts that necessary market reforms will be implemented shortly. P3 has consistently cited energy price formation (including the pricing of fast start resources) as an area where market reforms are overdue.⁶ The Commission's three and half year

⁵ *Fast-Start Pricing in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 81 Fed. Reg. 96,391 (Dec. 30, 2016), FERC Stats. & Regs. ¶ 32,720, 157 FERC ¶ 61,213. RM17-3-000 (December 15, 2016) ("Fast Start NOPR").

⁶ P3 incorporates by reference the comments it previously made to fast-start pricing in AD14-14-000 and RM17-3-000.

investigation has brought forth compelling evidence that reforms are necessary. P3 is pleased that the Commission has recognized the need for reform and remains optimistic that material improvements can be made to the PJM market to appropriately price energy products.

The Fast Start Order is an important step forward and one that is long overdue. Specifically, Commission staff studied and reported on the fast-start problem back in 2014.⁷ The Commission then requested the RTO/ISO to submit reports on fast-start pricing issues in November 2015,⁸ and the RTO/ISOs, including PJM, submitted responsive reports and interested stakeholders provided comments. Then, after studying the issue and responses, the Commission issued the Fast Start NOPR in 2016 and the RTO/ISOs, and interested parties filed responsive comments in February 2017. After another year of further studying the fast-start issue, the Commission withdrew the Fast Start NOPR and is again restarting the process of considering the fast-start issue. Continued study of a problem that has been well-understood and well-studied for years is no longer helpful; it is time to act to fix the problem identified so long ago.

As this process moves forward, P3 urges the Commission to be mindful that these market reforms must come to fruition in due haste. PJM, PJM stakeholders and the Commission have had sufficient opportunity to discuss and evaluate these issues. Market reforms are necessary, and it is time for implementation.

Since the publication of the Fast Start Order, to PJM's credit, it has presented to PJM stakeholders a high-level proposed response to the Order.⁹ PJM's proposed

⁷ <https://www.ferc.gov/legal/staff-reports/2014/AD14-14-operator-actions.pdf> at 26-29.

⁸ 153 FERC ¶ 61,221 (2015).

⁹ <http://pjm.com/-/media/committees-groups/task-forces/epfstf/20180129/20180129-item-08-fast-start-206-response.ashx>

response appears to address many of the concerns that both FERC and P3 have consistently identified such as the need to reflect commitment costs in prices and the appropriateness of allowing fast start resources to set price. P3 is also encouraged by other suggestions that PJM has put forth such as separation of the dispatch and pricing run and the definition of fast start resources to include units with two-hour start-up times and two-hour minimum run times.

P3 looks forward to reviewing PJM's full and detailed brief in this docket. After such an opportunity, P3 anticipates being able to provide more detailed commentary to both the Commission's directive and PJM's proposed response.

II. CONCLUSION

P3 respectfully requests that the Commission consider these comments.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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February 12, 2018

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 12th day of February 2018.

On behalf of the PJM Power Providers Group

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