

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

**REQUEST OF PJM INTERCONNECTION, L.L.C.     )**     **Docket No. ER15-1470-000**  
**FOR EXPEDITED GRANT OF TARIFF WAIVER     )**

**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 the "Commission"), 18 C.F.R. § 385.212 (2014), the PJM Power Providers Group ("P3")<sup>1</sup> respectfully submits comments in support of the April 7, 2015 request by PJM Interconnection, L.L.C. ("PJM"), for a one-time waiver of the PJM Open Access Transmission Tariff ("Tariff") to permit PJM to delay the May 2015 Base Residual Auction ("BRA") for a short period of time to allow the Commission an opportunity to decide PJM's currently pending Capacity Performance Filing<sup>2</sup> ("Waiver Request").<sup>3</sup> Recognizing the importance of the Capacity Performance Filing, PJM proposed a review and comment period of nearly double the normal 60-day timeframe afforded to section 205<sup>4</sup> filings and requested that the Commission act on the Capacity Performance Filing by April 1, 2015.<sup>5</sup> On March 31, 2015,

---

<sup>1</sup> P3 is a nonprofit corporation dedicated to promoting policies that will allow the PJM region to fulfill the promise of its competitive wholesale electricity markets. For more information on P3, visit [www.p3powergroup.com](http://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.

<sup>2</sup> *PJM Interconnection, L.L.C.*, Reforms to the Reliability Pricing and Related Rules in the PJM Open Access Tariff and Reliability Assurance Agreement Among Load Serving Entities, Docket No. ER15-623-000 (December 12, 2014) ("Capacity Performance Filing").

<sup>3</sup> *PJM Interconnection, L.L.C.*, Request of PJM Interconnection, L.L.C. for Expedited Grant of Tariff Waiver, Docket No. ER15-1470-000 (filed April 7, 2015) ("Waiver Request").

<sup>4</sup> Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. §824d.

<sup>5</sup> Capacity Performance Filing, *supra*, at p.3.

Commission Staff issued a deficiency letter asking PJM to respond to certain deficiencies identified by the Commission regarding the Capacity Performance Filing ("Deficiency Letter").<sup>6</sup>

PJM responded to the Deficiency Letter on April 10, 2015, and in doing so, asked the Commission for an expedited comment and review period in hopes of receiving a Commission determination on the Capacity Performance Filing by mid-June. The Waiver Request would allow PJM to delay the 2015 BRA, currently scheduled for May 11-15, 2015, until a week that is 30 to 75 days after a Commission order on the merits of PJM's response to the March 31 Deficiency Letter, but no later than the week of August 10-14, 2015.

PJM requested a Commission determination on the Waiver Request by April 24, 2015. If the waiver is not granted by then, PJM asks that the Waiver Request be considered withdrawn and that the 2015 BRA occur from May 11-15, 2015.

On April 8, 2015, the Commission issued a Combined Notice of Filing setting April 14, 2015, as the deadline to intervene or protest the Waiver Request. On April 9, 2015, pursuant to Rule 214 of the Rules of Practice and Procedure of the Commission, 18 C.F.R. §385.214(2015), the PJM Power Providers Group ("P3") submitted a doc-less intervention.

P3 supports PJM's Waiver Request and urges the Commission to approve it by April 24, 2015, as requested by PJM.

## **I. COMMENTS**

**The unique circumstances surrounding the May 2015 Base Residual Auction justify a one-time delay for this upcoming auction. P3 supports the PJM Waiver Request and urges the Commission to grant it.**

---

<sup>6</sup> *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER15-623-000 (March 31, 2015) ("Deficiency Letter").

P3 is persuaded by PJM's statements that the unique, if not extreme, circumstances surrounding this year's BRA merit a modest delay in its timing. PJM's proposed Waiver Request meets the Commission's waiver standards, as the Waiver Request: (1) is of limited scope; (2) addresses a concrete problem that must be remedied; and (3) does not have undesirable consequences, such as harming third parties.<sup>7</sup>

The three-year forward commitment to serve load in PJM is an integral part of the Reliability Pricing Model's ("RPM") construct.<sup>8</sup> On several occasions, the Commission has recognized the importance of the three-year commitment period, noting that it "provides more lead time to allow new resources that can be constructed or activated within that period to compete with existing capacity resources, thus increasing competition among different capacity supply options."<sup>9</sup> P3 has consistently supported the three-year forward commitment as an appropriate and balanced lead time for capacity commitments.

Given the importance of the three-year forward commitment, any consideration of a change to the requisite tariff revisions should be undertaken only under the most exigent of circumstances. P3 believes those circumstances are present with regard to the 2015 BRA.<sup>10</sup> PJM's proposed Capacity Performance Filing is designed to address a series of reliability concerns that PJM has identified. Given performance issues experienced in PJM in the winter of

---

<sup>7</sup> *PJM Interconnection, L.L.C.*, 144 FERC ¶61,060 at P 12 (2013); *New York Independent System Operator, Inc.*, 144 FERC ¶ 61,147 at P 8 (2013).

<sup>8</sup> In approving a settlement that created RPM, the Commission referenced the three year forward commitment as one of the noteworthy changes brought forth by RPM. "The Commission finds that RPM, by providing for a three-year forward market in better defined geographic markets, along with a downward sloping demand curve, is superior to the current capacity market and, based on the evidence submitted, should procure sufficient capacity to solve PJM's capacity needs." ER05-1410 at P 146, p.59.

<sup>9</sup> *Centralized Capacity Market Design Elements Commission Staff Report* (AD13-7-000, August 23, 2013 p.13).

<sup>10</sup> In its Waiver Request, PJM sufficiently detailed the unique circumstances associated with this year's auction. P3 agrees with those justifications and will not repeat them in this filing.

2014, the penetration of natural gas-fired power plants into the PJM market and PJM's well-documented concerns about power plant retirements in 2015, 2016, and beyond, delaying the BRA for a few months to provide an opportunity for those concerns to be addressed and issues to be clarified by the Commission in the Capacity Performance Filing is warranted.

Although not ideal, granting the Waiver Request will provide developers of new capacity in PJM sufficient time to bring that capacity online by the June 1, 2018. While financing timelines and construction schedules may need to be adjusted, thirty three months (worst case scenario) will still enable projects to timely satisfy any commitments to be online. By acting quickly on the Waiver Request and the Capacity Performance Filing, the Commission could easily reduce the impact on those seeking to offer new capacity. Given the totality of the circumstances, a slightly compressed commitment period is a reasonable tradeoff for assuaging reliability concerns.

Moreover, a denial or withdraw of the PJM Waiver Request would result in the May 2015 BRA being run under the current rules, which could then be significantly altered shortly after the BRA has been run, due to action by the Commission on Capacity Performance. While the BRA will run on time, PJM will likely consider short-term, and perhaps long-term, actions to address reliability concerns of the system due to the absence of Capacity Performance for the 2018-19 Delivery Year. In such a scenario, PJM would have to make additional filings with the Commission to address its identified reliability concerns. The ability to address those reliability concerns would necessarily be handcuffed by the fact the May 2015 BRA would have already taken place and capacity already cleared for the 2018-19 Delivery Year.

Whether the Commission accepts, rejects or modifies PJM's Capacity Performance Filing, it is critically important that PJM have the ability to address the Commission's

determination in this year's BRA. The Commission has the ability to take this enormous uncertainty off the table by granting the Waiver Request and should do so. To do otherwise would likely place PJM and all of its market participants in the position of having to take subsequent action in order to address the incompleteness of the 2015 BRA and the adverse reliability consequences associated with it.

## **II. CONCLUSION**

WHEREFORE, for the foregoing reasons, P3 respectfully requests that the Commission grant PJM's Waiver Request by April 24, 2015, as requested by PJM.

Respectfully submitted,

On behalf of the PJM Power Providers Group

By: Glen Thomas

Glen Thomas  
Laura Chappelle  
GT Power Group  
1060 First Avenue, Suite 400  
King of Prussia, PA 19406  
[gthomas@gtpowergroup.com](mailto:gthomas@gtpowergroup.com)  
610-768-8080

Dated: April 14, 2015

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 14th day of April, 2015.

On behalf of the PJM Power Providers Group

By: *Glen Thomas* \_\_\_\_\_

Glen Thomas  
GT Power Group  
1060 First Avenue, Suite 400  
King of Prussia, PA 19406  
[gthomas@gtpowergroup.com](mailto:gthomas@gtpowergroup.com)  
610-768-8080