

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

PJM Interconnection L.L.C.)

Docket No. ER23-557-000

COMMENTS OF THE PJM POWER PROVIDERS GROUP

Pursuant to Rule 212¹ of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, the PJM Power Providers Group (“P3”)^{2 3} respectfully submits these comments in response to PJM Interconnection, L.L.C.’s (“PJM”) filing submitted to the Commission on December 2, 2022, pursuant to Section 205 of the Federal Power Act (“FPA”), regarding proposed revisions to the PJM Open Access Transmission Tariff (“Tariff”) and the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”) concerning: (1) Start-Up Costs and (2) inclusion of environmental credits and emission adders in non-zero cost-based offers (“PJM Filing”).⁴

As discussed herein, P3 supports PJM’s Filing as just and reasonable revisions to the Operating Agreement and Tariff. This is consistent with the requirements of Section 205 of the FPA and Commission precedent providing enhanced guidance and clarity on cost-based offers for Market Sellers in the PJM capacity markets. P3 also supports PJM’s request that the Commission accept PJM’s Filing effective as of June 1, 2023, for the proposed Tariff and Operating Agreement

¹ 18 C.F.R. §385.212 (2022).

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 67,000 MWs of generation assets and 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 P3 timely submitted a document-less Motion to Intervene on December 7, 2022.

⁴ *PJM Interconnection L.L.C.*, Docket No. ER23-557-000, filed on December 2, 2022 (“PJM Filing”).

revisions for both the Start-Up Costs calculation proposal, as well as the environmental cost and credits proposal.

I. COMMENTS

P3 fully supports PJM's proposed amendments to Emission Adders and Calculation of Cost-Based Offers and encourages the Commission to accept the proposed tariff revisions as just and reasonable without delay.

As more fully explained in PJM's Filing, PJM's proposal in the instant case is two-fold: (1) to better define and clarify the costs that are included in a cost-based offer for certain generators by revising the definition of Start-Up Costs, introduction the newly-defined term "Start Fuel" and revisiting related Operating Agreement provisions for consistency; and (2) providing detailed guidance and updates related to the inclusion of environmental credits and emissions adders in cost-based energy offers.⁵

Regarding the proposed changes to the Start-Up Costs, PJM seeks to address a gap in its current rules in order to ensure that all resources with a "soak process" (i.e., combined cycle, steam and nuclear) are able to sufficiently recover costs incurred during the resource's start-up process. Specifically, PJM proposes to allow these resources to include as Start-Up Costs, those costs that are incurred from the time PJM commits such resource until it reaches its dispatchable output and from the last breaker open to shutdown.⁶ P3 agrees with PJM that allowing these additional costs in Start-Up Costs for these specified soak process units is just and reasonable, given that these units are not similarly-situated with units or resources without a soak process (i.e., combustion turbines, reciprocating engines, Intermittent Resources, and Energy Storage Resources) that are able to quickly ramp up within minutes, as opposed to soak process resources that typically require

⁵ PJM Filing, pp. 3-4.

⁶ *Id.*, p. 5.

several hours and additional fuel before being able to reach a dispatchable output.⁷ P3 is therefore supportive of PJM's proposal to revise the current definition of Start-Up Costs to distinguish those start-up related costs for units with a steam turbine and a soak process from those units without a steam turbine and without a soak process.

P3 also supports PJM's corresponding Default Soak Time Proposal, as well as its Unit-Specific Soak Time Review Process, in order to both facilitate the application of the proposed revised Start-Up Cost rule and to promote administrative efficiencies. P3 appreciates that it remains the Market Seller's discretion to use either the proposed default soak times or to utilize a unit-specific soak time. Additionally, P3 does not oppose PJM's proposal to remove references to labor costs related to Start-Up Costs, in order to prevent any duplicative recovery of these costs in the resource's energy market offer.

Regarding environmental credits, P3 appreciates PJM's proposal to amend its existing rules so that a Market Seller of *any* resource that receives renewable energy credits ("RECs") and/or production tax credits ("PTCs") will be required to identify how they account for such credits in their non-zero cost-based offers in the submission of the resource's Fuel Cost Policy. P3 agrees that this proposed revision will create consistent expectations for all resources receiving PTCs and/or RECs, in the submission of non-zero cost-based offers, instead of the current rule that only requires Market Sellers of wind resources to make such a showing.

With respect to the requirements for emissions adders, P3 supports PJM's proposal to update the current emissions adder review process by replacing the current annual emissions rates review with a periodic review of such policies on a timeline set by PJM. P3 agrees that it is incumbent upon Market Sellers to update any changed emissions rates from those previously

⁷ *Id.*, pp. 5-6.

approved. P3 also supports the specified updates and clarifications to Schedule 2, section 3.1 of the Operating Agreement in order to provide greater clarity on the submission of emission adders.⁸

Finally, P3 supports PJM's Filing due to the fact that these proposed changes and clarifications have resulted from a multi-year stakeholder process that began on September 22, 2020, with PJM's Cost Development Subcommittee Charter, and has resulted in a consensus package that has been overwhelmingly supported by the PJM stakeholders. As PJM notes, the proposed revisions related to the Start-Up Costs package were unanimously endorsed by the Market Implementation Commission ("MIC") on April 13, 2022. These revisions were then endorsed by PJM stakeholders at the July 27, 2022, MRC and Members Committee ("MC") meetings, by acclamation with no objections and one abstention. The proposed revisions related to the environmental costs and credits package were endorsed at the MIC with 180 (82%) votes in favor, 39 (18%) votes opposed and five abstentions. These proposed revisions were subsequently endorsed by acclamation with two objections and one abstention at the August 24, 2022 MRC, and then approved by acclamation with no objections or abstentions at the September 21, 2022, MC. Finally, the proposed revisions to the Operating Agreement were submitted to the PJM Board's Competitive Markets Committee for its review and comments at its October 3, 2022, meeting.⁹ Noteworthy, as well, is the fact that these proposals were the result of extensive collaboration in the stakeholder process between PJM and PJM's Market Monitor.¹⁰

II. CONCLUSION

WHEREFORE, P3 supports PJM's Filing, requests that the Commission find that its proposed additions, revisions and clarifications to the emission adders and calculation of cost-

⁸ PJM's Proposed Operating Agreement, Schedule 2, section 3.1; PJM Filing, pp. 13-15.

⁹ PJM Filing, pp. 15-16.

¹⁰ PJM Filing, p. 15, citing PJM Cost Development Subcommittee Charter (September 22, 2020).

based offers are just and reasonable revisions to the Operating Agreement and Tariff and grant its requested waiver and approval effective June 1, 2023.

Respectfully submitted,

On behalf of The PJM Power Providers Group

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Dated: December 23, 2022

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

Dated at Washington, D.C., this 23rd day of December, 2022.

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