

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

**PJM INTERCONNECTION, L.L.C** ) **Docket No. ER23-1038-000**

**COMMENTS  
OF THE PJM POWER PROVIDERS GROUP**

Pursuant to the February 2, 2023 Notice issued by the Federal Energy Regulatory Commission (the “Commission” or “FERC”) in the above-captioned proceeding, The PJM Power Providers Group<sup>1</sup> (“P3”) submits these comments in response to the February 2, 2023, filing by PJM Interconnection, L.L.C. (“PJM”). The PJM filing concerns proposed revisions to amend the PJM Open Access Transmission Tariff (“Tariff”), Attachment DD, section 10A. The revisions relate to the following two items: (1) for any future Performance Assessment Intervals, if there are fewer than six monthly bills remaining in a Delivery Year for which Non-Performance Charges associated with the Performance Assessment Intervals have not been invoiced, PJM would have the ability to allocate the Non-Performance Charges up to a maximum of nine monthly bills, and (2) for Non-Performance Charges resulting from the recent Performance Assessment Intervals associated with Winter Storm Elliott, PJM Members will be

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<sup>1</sup> 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 83,000 MWs of generation assets and produce enough power to supply over 63 million homes in the PJM region covering 13 states and the District of Columbia. For more information on P3, visit [www.p3powergroup.com](http://www.p3powergroup.com).

able to elect to have Non-Performance Charges to be invoiced and divided in nine monthly bills, subject to interest (“PJM Filing”).<sup>2</sup>

On February 14, 2023, P3 filed a doc-less Motion to Intervene. P3 respectively submits these comments,<sup>3</sup> in the above captioned proceeding.

## **I. COMMENTS**

Between December 23, and 24, 2022, a large winter storm termed “Winter Storm Elliott” passed through the PJM Region. This winter storm intensified into a bomb cyclone with high winds, blizzard conditions, flooding, and severe record low temperatures. PJM declared a Maximum Generation Emergency for the entire PJM region during certain times on December 23 and 24, 2022, and thus reported there were 277 Real-time Settlement Intervals which trigger performance bonus and Non-Performance Charges to capacity resources. PJM further reports that based on its preliminary data, the aggregate Non-Performance Charge to be assessed will be between one to two billion dollars - a cost of unprecedented magnitude.<sup>4</sup> As PJM notes, this will present significant cash-flow and liquidity concerns for many PJM Members who will potentially owe Non-Performance Charges, especially invoicing the full amount of these charges in only three monthly bills.<sup>5</sup>

PJM’s proposal for Non-Performance Charges stemming from Winter Storm Elliott represents a fair and reasonable response to a very difficult set of circumstances. The penalties

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<sup>2</sup> *PJM Interconnection, L.L.C.*, Docket No. ER23-1038-000 (February 2, 2023) (“PJM Filing”).

<sup>3</sup> The comments contained herein represent the position of P3 as an organization, but not necessarily the views of any particular member with respect to any issue.

<sup>4</sup> PJM Filing at pp. 12-13.

<sup>5</sup> PJM Filing at p. 13.

associated with Winter Storm Elliott are of unprecedented magnitude and the short three-month timeframe to pay these penalties could unnecessarily lead to severe financial consequences for certain companies if not addressed by PJM and the Commission. Specifically, PJM proposes to allow Members to have the ability to elect to have PJM divide the Non-Performance Charges in the remaining monthly bills for the relevant Delivery Year plus six additional monthly bills into the following Delivery Year.<sup>6</sup> Additionally, PJM Members that elect this option would be able to reduce the Non-Performance Charges that would be invoiced in the remaining monthly bills in the current Delivery Year. Moreover, electing to extend the payment period over the summer months would allow certain units that run more frequently in the summer the opportunity to recover revenues that could be used to pay the penalties. Further, by allowing the charges to be paid over a longer period of time, the liquidity risk of a PJM Member would be reduced, and further would increase the probability of full recovery of the Non-Performance Charge.<sup>7</sup>

P3 supports the PJM Filing to address the immediate unique situation presented by Winter Storm Elliott and the unprecedented penalties and the compressed timeframe under current tariff provisions to pay those penalties.<sup>8</sup> As PJM noted, the proposed revisions represent a “proactive and prudent measure to mitigate against the potential risk of Member defaults due to large Non- Performance Charges that may be billed over a short period of time that may arise from future Performance Assessment Intervals, as well as those charges stemming from Winter

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<sup>6</sup> PJM Filing at p. 13.

<sup>7</sup> PJM Filing at p. 13-14.

<sup>8</sup> P3’s support of this filing in no way suggests that P3 or its members agree with the penalties or any of PJM’s actions relating to Winter Storm Elliott that P3 and its members may disagree with. P3 and its members preserve any and all rights to protest or object to any penalty payments, and the support herein of PJM’s filing in this instance should not be considered a waiver of any such rights or objections.

Storm Elliott.”<sup>9</sup> Further, as PJM explains, “these reforms will help to address the significant timing anomalies associated with payment of Non-Performance Charges based solely on when the event which gave rise to the Non-Performance Charges occurred.”<sup>10</sup> Additionally, “the proposed amendments will help to reduce cash-flow and liquidity issues for certain PJM Members in the event large Non-Performance Charges are invoiced near the end of a Delivery Year.”<sup>11</sup> P3 notes it would be concerning and a risk to reliability to have PJM Members defaulting and incurring liquidity concerns due to penalties required to be paid over a three-month period. PJM states that “These proposed revisions were prompted by the potentially unprecedented magnitude of Non-Performance Charges arising from the recent Performance Assessment Intervals declared during Winter Storm Elliott and should be applied beginning with the first monthly bill that includes Non-Performance Charges associated with this recent event.”<sup>12</sup>

Due to the time-frame necessary to make these changes, the proposed revisions in this filing were not reviewed by stakeholders, however, P3 agrees that, with respect to Winter Storm Elliott related billing specifically, this is a targeted solution necessary to address the immediate situation. With respect to the second, separate, proposal in PJM’s application related to the billing of Non-Performance Charges for future Performance Assessment Intervals, P3 takes no position at this time but does believe that the best place to address Tariff changes that do not require instant action is through a robust stakeholder process.

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<sup>9</sup> PJM Filing at p.2.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

## II. CONCLUSION

For the foregoing reasons, P3 agrees with the proposed revisions set forth by PJM in its February 2, 2023 filing. P3 urges the Commission to accept the PJM filing as submitted with an effective date of April 4, 2023.

Respectfully submitted,

On behalf of The PJM Power Providers Group

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February 23, 2023

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 23rd day of February, 2023.

On behalf of The PJM Power Providers Group

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