

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

LS Power Development, LLC)	
)	
)	
Complainant,)	
)	
v.)	
)	
PJM Interconnection, L.L.C. and Monitoring Analytics, LLC, as the Independent Market Monitor for PJM,)	Docket No. EL24-91-000
)	
Respondents.)	
)	
)	

**COMMENTS OF THE PJM POWER PROVIDERS GROUP
IN SUPPORT OF COMPLAINT**

Pursuant to the March 21, 2024, Combined Notice of Filings #1 issued by the Federal Energy Regulatory Commission (the “Commission” or “FERC”) in the above-captioned proceeding, The PJM Power Providers Group¹ (“P3”) submits these comments in support of the March 20, 2024, complaint filed by LS Power Development, L.L.C. (“LS Power”) against PJM Interconnection, L.L.C. (“PJM”) and Monitoring Analytics, LLC, as the Independent Market

¹ 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.

Monitor for PJM (“IMM”). The LS Power complaint concerns the calculation of opportunity cost adders (“OCAs”) under Schedule 2 to PJM’s Amended and Restated Operating Agreement (the “Operating Agreement”) and provisions of PJM Manual 15 (“Complaint”). The Complaint makes clear that PJM’s current OCA rules fail to provide market participants with necessary transparency and predictability with respect to the calculation of OCAs, or any means of seeking effective and timely relief with respect to erroneous OCAs.²

On March 21, 2024, P3 filed a doc-less Motion to Intervene. P3 respectively submits these comments,³ in the above captioned proceeding.

I. COMMENTS

P3 supports the LS Power Complaint and urges the Commission to grant it. P3 agrees that the current calculation method of OCAs can lead to inaccurate OCAs that fail to properly reflect the full opportunity costs of generation facilities with run-hour limitations, where operating the units means they are unavailable to operate in a future time period when supply is scarcer and thus prices are higher. Inaccurate OCAs impede price formation, resulting in sub-optimal dispatch of resources, to the harm not just of individual suppliers but also the reliability of the PJM system as a whole.⁴

As LS Power explains, Manual 15 identifies two methods for computing opportunity costs: the PJM Calculator and the IMM Calculator. However, the PJM Calculator currently is suspended and, therefore, sellers wishing to include an OCA in their cost-based offers must use the IMM Calculator.⁵ Concerningly, Manual 15 does not contain adequate information for a

² *LS Power Complaint v. PJM Interconnection, L.L.C. and Monitoring Analytics, L.L.C., as the Independent Market Monitor for PJM*, Docket No. EL24-91-000 (March 20, 2024) (“LS Power Complaint”), at p. 2.

³ 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.

⁴ LS Power Complaint at p. 2.

⁵ LS Power Complaint at p. 10.

market participant to fully understand how the IMM Calculator works and a lack of transparency exists throughout the process of establishing OCA values.⁶ P3 is particularly concerned that, as evidenced by LS Power's experience, inaccurate OCAs limit the number of units that PJM has available when the system is tight and reliability is potentially at risk.⁷ Specifically, LS Power explains that, due to serious errors in the OCAs as a result of an unclear and opaque process, LS Power's units were forced to submit offers that did not properly reflect their opportunity costs for extended periods of time. This in turn caused the units to use up their limited run hours when prices were lower and rendered them unable to operate when prices were higher, indicating a greater system need for them to maintain reliability.⁸ Dr. Sotkiewicz explains why this is cause for alarm: inaccurate OCAs may prompt premature retirements, causing serious, longer-term harm to reliability and resource adequacy.⁹ This situation is particularly alarming as concerns about resource adequacy grow.¹⁰

The current PJM rules leave sellers with no recourse if they are dissatisfied with the IMM Calculator, which is unjust and unreasonable and inconsistent with the PJM Operating Agreement.¹¹ The IMM effectively has final authority to determine OCAs, which is impermissible based on Commission precedent.¹²

For these reasons, P3 supports LS Power's reasonable and measured request that the Commission direct PJM and the IMM to provide additional transparency regarding the IMM

⁶ LS Power Complaint at p. 13, generally pp. 12-20.

⁷ LS Power Complaint at p. 24.

⁸ LS Power Complaint at pp.12-13.

⁹ LS Power Complaint at p. 25.

¹⁰ While not the direct subject of the Complaint, the shortcomings described by LS Power extend to other calculations performed by the IMM and relied upon by market participants. Based on the experience of various P3 members, similar concerns regarding the lack of transparency have been identified in the calculation of Avoided Cost Rates and energy and ancillary offset values utilized in the RPM Market Seller Offer Cap. In both instances, P3 members have been provided limited information for values expected to be utilized in market offers that may not be replicable by the seller. Such examples are provided here to note that issues of transparency in values to be utilized by market participants are not limited to only the OCA.

¹¹ LS Power Complaint at p. 34.

¹² LS Power Complaint at p. 37.

Calculator, and to work with stakeholders to improve the model, as well as improving the procedures for OCA determination and review.¹³

II. CONCLUSION

P3 supports the Complaint and urges the Commission to grant its requested relief.

Respectfully submitted,

On behalf of The PJM Power Providers Group

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Dated: April 19, 2024

¹³ LS Power Complaint at pp. 21-22.

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 19th day of April, 2024.

On behalf of The PJM Power Providers Group

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